

Variable Annuity Account **A**

Annual Report

December 31, 2001



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FINANCIAL



Finely Tune Your Portfolio
with the Asset Allocation Fund



Northwestern Mutual

Finely Tune Your



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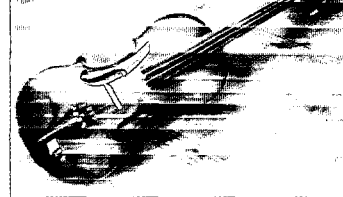
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Very few things make investors question their investment strategy as quickly as a turbulent market. If market volatility has you wondering if your investments are in the right place to meet your financial goals, taking a look at your asset allocation might be just the starting point for keeping your portfolio finely tuned.

through Market Volatility

with the Asset Allocation Fund



"A well-planned asset allocation may work for investors in a variety of markets," says Ignatius L. Smetek, head of the Asset Allocation Fund's five-manager portfolio investment team. "Spreading money among a variety of different asset classes is an effective way of helping investors reduce overall portfolio risk while helping to maximize returns over time — regardless of whether the market is moving up or down." Of course, no investment strategy can guarantee results.

A TIME-TESTED INVESTMENT STRATEGY

Financial professionals like Smetek have long known that asset allocation plays a key role in the success of any sound investment strategy. But many investors aren't aware of just how critical asset allocation can be to their returns. In fact, studies have shown that asset allocation is the single most important determination of performance — even more so than investment selection or market timing.

"By investing in an appropriate mix of stocks, bonds and cash equivalent investments, investors can balance their risk and return to achieve their financial goals over a long period of time," says Smetek.

WHY MIX MATTERS MOST

Simply put, asset allocation can work. According to Smetek, the reason is because various investments tend to behave differently from one another under various market or economic conditions. As a result, when one investment reacts negatively, others may hold steady or respond positively.

For instance, while stocks (as measured by the S&P 500®) lost 13% in 2001, bonds (as measured by the Lehman Brothers U.S. Aggregate Bond Index) returned 8.4% during the same period. By including a measure of both in a portfolio, it might have been possible to cushion the decline

in stock prices with a gain in bonds. "Different asset classes often produce very different returns," emphasizes Smetek. "Asset allocation can help you smooth the impact on your investments of the market's ups and downs and result in more consistent returns." Of course, past performance does not guarantee future results.

DEFENDING AGAINST A DOWNTURN

Even a well-planned asset allocation strategy can't guarantee positive returns, particularly during dips in the market. However, asset allocation can help you manage investment risk more effectively by providing a "game plan" for keeping your investment eggs in separate baskets. And that means diversifying not just by asset class, but also by investment style.

For example, growth and value funds historically have led the market at different times - when one "zigs," the other "zags." By creating a portfolio that includes both investment styles, you can further spread your investment risk.

(continued on page 3)

Determinants of Portfolio Performance

91.5%	→	Asset Allocation
4.6%	→	Investment Selection
1.8%	→	Market Timing
2.1%	→	Other Factors

Source: *Financial Analyst's Journal*, May/June 1991: "Determinants of Portfolio Performance II: An Update" by Gary Brinson, Brian Singer and Gilbert Beebower. Results are based on the 10-year performance records of 82 pension funds. The study updates and supports a similar study done in 1986. This chart is for illustrative purposes only and is not intended to reflect the performance of any specific investment.

NET ASSETS: 40.1 million

GOAL: As high a level of total return, including current income and capital appreciation, consistent with reasonable investment risk.

STRATEGY: Focuses on a strategic mix of stocks, bonds and cash equivalents.



(continued from page 2)

A ONE-STEP SOLUTION

The merits of diversification are simple to explain. However, executing a proper asset allocation strategy can seem like a daunting challenge to any investor. Says Smetek, "You need enormous amounts of time, research and expertise to create and manage a successful portfolio."

Fortunately, the funds within Northwestern Mutual's *Select*SM Variable Annuity can help. With a choice of domestic and international stock and bond portfolios that span a variety of market cap sizes, management strategies and investment styles, the funds offer the tools you need to craft a sound asset allocation strategy.

While each of the funds invests in a carefully selected portfolio of securities, one fund in particular takes diversification to an even higher level. The Asset Allocation Fund invests in a continuously adjusted mix of stocks, bonds and cash reserves in order to provide investors a simple and effective way to diversify their investments and help reduce risk.

The fund is managed by a team of five investment professionals specializing in seven different asset classes including large- and small-cap domestic stocks, foreign issues, investment-grade, high-yield and convertible bonds, and cash equivalents.

"Active management is key to our approach. Depending on the economic or market conditions, we have the expertise to move in and out of asset classes to capitalize on investment opportunities," says Smetek, who was named a top fund manager by *Barron's*.¹ "Our goal is to allocate the fund's assets to maintain a balance of investments that we believe will have the highest expected return with an acceptable level of risk."

FLEXIBILITY FOR EVERY PORTFOLIO

While no one knows when the cloud over the markets will eventually clear, one thing is certain: a well-diversified asset allocation can help you meet your financial goals in a variety of market conditions. Whether you're looking for a one-step solution to your asset allocation needs, or a core portfolio holding that provides the potential for an attractive total return, the Asset Allocation Fund can go a long way toward hitting your target.

For more information about the Asset Allocation Fund, or any other fund, contact your Northwestern Mutual Investment Services, LLC Registered Representative.

'Barron's, July 23, 2001/Value Line Mutual Fund Survey. The manager ratings measure how much return a manager has added to - or detracted from - a fund's expected performance, after adjusting for risk. Fund managers must have a three-year history and be in the 50th percentile versus their peers. The process starts by comparing a fund to a group of similar funds. The next step is to calculate the average return and the average level of risk, or volatility of returns. It is then determined how much return the fund should have generated, given its level of volatility. Finally, each fund's actual return is compared with the "expected" return over the length of the manager's tenure. Value Line's manager survey included 760 fund managers of which 24 were in the Asset Allocation peer group.

Asset Allocation Fund
Management Team

From left to right:
David Keuler, Varun Mehta,
Timothy Collins (seated below),
Jill Gueninger, Ignatius Smetek



December 31, 2001

Annual Report



NML Variable Annuity Account A

Individual Variable Annuity Contracts for Retirement Plans:

- Self-Employed Persons and Their Employees
- Qualified Corporate Retirement Plans

**Northwestern Mutual
Series Fund, Inc. and
Russell Insurance Funds**

The Northwestern Mutual
Life Insurance Company
720 East Wisconsin Avenue
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 **Northwestern Mutual®**

Letter to Contract Owners

January 31, 2002

The year just ended has been a difficult one in many ways. As the year began, most observers sensed that we were near the end of a record economic expansion, but there was considerable uncertainty as to the likely course of the economy. The stock market, traditionally a leading indicator, had already experienced a sharp drop. Other indicators were mixed, and they remained so through most of the year. The Federal Reserve responded to mounting signs of weakness with an unprecedented series of interest rate cuts.

Then in September Americans were stunned by terrorist attacks. A sharp drop when the markets reopened was followed by an encouraging rally in the fourth quarter. In November came the official announcement that a recession had begun eight months earlier.

In this difficult environment, it is understandable that some investors are feeling confused and frustrated. But our current situation is not unprecedented. Except in the technology sector, the stock market decline is far from a crash, and recession is by no means synonymous with economic disaster.

The U.S. economy has experienced nine recessions since World War II, and each has been followed by a period of economic growth. The stock market tends to move in concert with the economy, and periods of strength and weakness are inevitable. Although equities as a whole have a lengthy record of positive long term returns, there will be intermittent periods of negative return. While experience suggests that it is reasonable to expect positive returns from stocks over the long term, we have always considered it unlikely that the 20%-plus returns of the late 1990s could be maintained.

We are convinced that professional management, broad diversification and a long-term outlook are the keys to responsible, productive investing. Owners of Northwestern Mutual Variable Annuity contracts participate in the markets with these important advantages. The individuals who manage these Portfolios are seasoned professionals with many years of experience, people who have learned to manage through good and bad markets. Many are the same individuals who manage the corporate assets of Northwestern Mutual.

The weak equity markets of the last two years reinforce the importance of diversification, among types of investments (such as stocks, government and corporate bonds, and real estate portfolios) and within each type of investment. The broad diversification of the Portfolios underlying the Variable Annuity contracts avoids some of the risk inherent in holding individual securities. Including different types of equity funds — for example, growth and value; large and small capitalization; domestic and international — provides valuable balance and insulation from weakness in particular market segments.

Relatively strong bond returns over the last two years provide evidence of the value of including bond funds in your portfolio.

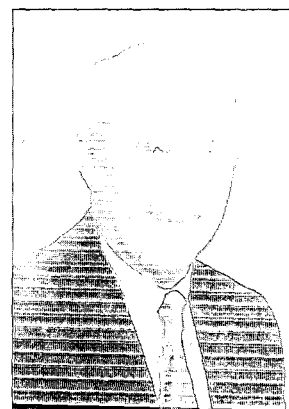
As you choose the mix of funds that is best for you, we urge you to take advantage of the services of your Northwestern Mutual Investment Services representative, who is available to help you meet your financial goals.

We want you to know about a few changes in our organization and our investment products, which we believe will provide more choices and even better service to owners of Northwestern Mutual Variable Annuity contracts.

In this publication, we are reporting on the initial results of four new portfolios introduced in July 2001: a growth-oriented international fund; a small-cap value fund; a large-cap domestic value fund, and an asset allocation fund. Details on the objectives and management style of each of these funds, as well as the 16 other fund choices, are provided in the following pages. This broad array of investment choices provides vehicles appropriate for any investment objective, as well as ample opportunities to adjust your personal portfolio over time.

There also have been some organizational changes designed to create one cohesive, distinct organization with all the legal, regulatory and operational infrastructure to provide stronger investment advisory services to our contract owners and other clients. As of January 1, 2002, the individuals who manage Northwestern Mutual's public market investments, including those underlying the variable annuity and variable life insurance products, the Mason Street family of mutual funds, and Northwestern Mutual's corporate assets, are now part of a new entity, Mason Street Advisors, LLC, a registered investment advisory firm. The individuals managing your investments are the same as before, and Mason Street Advisors is a wholly owned company of Northwestern Mutual.

We thank you for your continuing confidence in Northwestern Mutual, and we look forward to being your resource for long-term financial security for many years to come.



The Northwestern Mutual Life Insurance Company

A handwritten signature in dark ink, appearing to read 'Mason G. Ross'.

Mason G. Ross,
Chairman, Mason Street Advisors

 **Northwestern Mutual®**

How To Get More Information

Northwestern Mutual Express:

1-800-519-4665

The Express Line gives Trustees (or Owners) convenient up-to-date information about your contract with a contract number and a Personal Identification Number (PIN). Call toll-free to review contract values and unit values, transfer among portfolios, change the allocation and obtain fund performance information.

Information on the Internet:

www.northwesternmutual.com

For information about Northwestern Mutual visit us on our Website. Included is information on Daily Variable Annuity Unit Value Prices, Quarterly Performance, and Fund Information. Contact Your Northwestern Mutual Investment Services representative if you have questions about your contract or any of the contract owner privileges.

Contract Owner Privileges

When the Owner is the Trustee of a qualified employee trust, the exercise of any contract owner privileges by the Trustee must be consistent with the terms and provisions of the qualified plan under which the contract is maintained. Northwestern Mutual shall have no duty to question any actions directed by the Trustee/Owner.

Free Transfers Among Portfolios

You can change your investment allocation or transfer values among the portfolios by calling the Northwestern Mutual Express line at 800-519-4665. Also, you can Mail or Fax the request forms to the Home Office for the same day changes.

Contract Owner Communications

Northwestern Mutual Express gives you 24-hour access to your contract. You receive Confirmation Statements on each transaction, VA Quarterly Summary Statements, and the Annuity Aspects Newsletter providing financial and annuity information.

Automatic Investment Plan

You can invest via the Electronic Funds Transfer (EFT) Plan. Your bank can transmit money safely and quickly from your bank checking or NOW account.

Automatic Dollar Cost Averaging Plan

Your money is automatically transferred from the Money Market Portfolio to any of the other 19 variable portfolios on a monthly or quarterly basis.

Portfolio Rebalancing

To help maintain your asset allocation plan percentage over time, this service will automatically readjust the asset allocations back to the desired specified percentages.

Interest Sweeps

The Interest Sweep service will automatically sweep or transfer interest earnings periodically from the Guaranteed Interest Fund to any of the 20 variable investment options.

Systematic Withdrawal Plan

While your contract is in the accumulation phase, you can arrange to automatically withdraw money to generate a payment stream.

Special Withdrawal Privilege

You can withdraw 10% of the contract's accumulation value without a surrender charge, if the contract has at least a \$10,000 balance, beginning on the first contract anniversary.

Terminal Illness Benefit

Withdrawal charges are waived if the primary Annuitant is terminally ill and has a life expectancy of 12 months or less.

Nursing Home Benefit

Withdrawal charges are waived after the first contract anniversary if the primary annuitant's confinement is medically necessary for at least 90 consecutive days in a licensed nursing facility or hospital.

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Performance Summary

as of December 31, 2001

Front Load Contract (Series QQ)

Total return at unit value (as of 12/31/01)	Small Cap Growth Stock Division	T. Rowe Price Small Cap Value Division	Aggressive Growth Stock Division	International Growth Stock Division	Franklin Templeton International Equity Division	Index 400 Stock Division	Growth Stock Division	J.P. Morgan Select Growth and Income Stock Division	Capital Guardian Domestic Equity Division
1 year	-7.99%	—	-23.40%	—	-17.78%	-5.02%	-17.99%	-11.83%	—
5 years	—	—	40.91%	—	16.04%	—	58.51%	38.88%	—
Annualized	—	—	7.10%	—	3.02%	—	9.65%	6.79%	—
10 years	—	—	201.01%	—	—	—	—	—	—
Annualized	—	—	11.65%	—	—	—	—	—	—
10 Years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since division inception in Account A	81.50%~	-2.48%†	—	-13.17%†	97.42%/^	24.75%~	151.85%#	116.87%#	-6.26%†
Annualized	25.00%	—	—	—	8.16%	8.63%	12.81%	10.63%	—
Since portfolio inception††	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

Front Load Contract (Series RR)

1 year	-8.56%	—	-23.87%	—	-18.29%	-5.61%	-18.50%	-12.37%	—
5 years	—	—	39.47%	—	14.86%	—	56.92%	37.46%	—
Annualized	—	—	6.88%	—	2.81%	—	9.43%	6.57%	—
10 years	—	—	196.46%	—	—	—	—	—	—
Annualized	—	—	11.48%	—	—	—	—	—	—
10 Years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since portfolio inception in Account A	80.07%~	-3.03%†	—	-13.66†	94.59%/^	23.77%~	148.62%#	114.03%#	-6.79%†
Annualized	24.63%	—	—	—	7.98%	8.31%	12.62%	10.44%	—
Since portfolio inception††	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

Back Load Contract Without Surrender (Series QQ/RR)

1 year	-5.11%	—	-20.99%	—	-15.20%	-2.04%	-15.41%	-9.06%	—
5 years	—	—	39.67%	—	15.09%	—	57.21%	37.65%	—
Annualized	—	—	6.91%	—	2.85%	—	9.47%	6.60%	—
10 years	—	—	183.94%	—	—	—	—	—	—
Annualized	—	—	11.00%	—	—	—	—	—	—
10 Years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since portfolio inception in Account A	84.30%~	1.23%†	—	-9.87%†	88.89%/^	26.69%~	143.42%#	109.62%#	-2.70%†
Annualized	25.72%	—	—	—	7.61%	9.26%	12.31%	10.14%	—
Since portfolio inception††	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

All total return figures are for divisions of NML Variable Annuity Account A and are based on the change in unit value, which reflects expenses, such as account charges and fees applied at the contract level; figures for the Front Load contract reflect a maximum sales load of 4% for the Series QQ and 4.5% for the Series RR; figures for the Series QQ Back Load contract with surrender reflect deductions for a maximum 8% withdrawal charge, declining at a rate of 1% per year; figures for the Series RR Back Load contract with surrender reflect deductions for a maximum 6% withdrawal charge for the first three years, declining at a rate of 1% per year thereafter. The data reflects an initial contract size of \$10,000 for the Front Load (minimum size) and \$1,000 for the Back Load. Performance data represents past results and is not a guarantee of future results. Future unit values and investment returns may vary so an investor's units, when redeemed, may be worth more or less than their original value. Performance for other separate accounts will differ.

†† Returns stated are as of the inception date of the portfolio which precedes availability in Account A. See the following footnotes for portfolio inception dates.

Inception date of 5/3/94.

^ Inception date of 4/30/93.

@ On April 30, 1993, the Index 500 Portfolio was indexed to approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. Before then, the Portfolio was actively managed.

~ Inception date of 4/30/99.

† Inception date of 7/31/01.

+ Inception date of this division in Account A was 4/30/99. Actual fund inception was 1/2/97. Performance quoted prior to 4/30/99 is based on actual investment experience, adjusted for expenses of the product and premium charges.

^^ 10 year return for this division in Account A.

** 10 year return for this Portfolio of the Northwestern Mutual Series Fund, Inc. This Portfolio became available to this division on May 3, 1994. Performance quoted prior to May 3, 1994, is based on actual investment experience of the Portfolio, adjusted for expenses of the product and premium charges.

For the seven-day period ended December 31, 2001, the Money Market Portfolio's yield was 2.16% and was equivalent to a compound effective yield of 2.18%. The seven-day yield does not include deductions that are included in the separate accounts. The yield quotation more closely reflects the current earnings of the Money Market Portfolio than the total return quotation.

Note: "Standard and Poor's 500" and "S&P 500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by The Northwestern Mutual Life Insurance Company. The Series Fund and its Portfolios are not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in them.

Index 500 Stock Division	Asset Allocation Division	Balanced Division	High Yield Bond Division	Select Bond Division	Money Market Division	Russell Multi-Style Equity Division+	Russell Aggressive Equity Division+	Russell Non-U.S. Division+	Russell Real Estate Securities Division	Russell Core Bond Division+
-15.75%	—	-7.41%	0.41%	5.52%	-0.65%	-17.98%	-6.66%	-25.46%	3.10%	2.68%
56.78%	—	46.05%	6.67%	32.69%	21.37%	—	—	—	—	—
9.41%	—	7.87%	1.30%	5.82%	3.95%	—	—	—	—	—
208.37%/^^	—	136.74%/^^	—	83.53%/^^	46.61%/^^	—	—	—	—	—
11.92%	—	9.00%	—	6.26%	3.90%	—	—	—	—	—
200.85%@	—	138.54%	—	86.61%	46.55%	—	—	—	—	—
11.64%	—	9.08%	—	6.44%	3.90%	—	—	—	—	—
—	-6.18%†	—	52.04%#	—	—	-23.09%	2.15%	-20.59%	20.83%~	11.22%
—	—	—	5.62%	—	—	-9.36%	0.80%	-8.27%	7.34%	4.06%
—	—	—	—	—	—	37.23%	32.04%	-5.19%	—	30.15%
—	—	—	—	—	—	6.54%	5.72%	-1.06%	—	5.42%
					2.16%					
-16.28%	—	-7.98%	-0.21%	4.86%	-1.27%	-18.49%	-7.24%	-25.92%	2.46%	2.05%
55.21%	—	44.57%	5.62%	31.38%	20.15%	—	—	—	—	—
9.19%	—	7.65%	1.10%	5.61%	3.74%	—	—	—	—	—
203.72%/^^	—	133.28%/^^	—	80.78%/^^	44.37%/^^	—	—	—	—	—
11.75%	—	8.84%	—	6.10%	3.74%	—	—	—	—	—
196.33%@	—	134.98%	—	83.81%	44.36%	—	—	—	—	—
11.47%	—	8.92%	—	6.28%	3.74%	—	—	—	—	—
—	-6.70%†	—	50.18%#	—	—	-23.70%	1.34%	-21.22%	19.90%~	10.36%
—	—	—	5.45%	—	—	-9.63%	0.50%	-8.54%	7.03%	3.76%
—	—	—	—	—	—	35.85%	30.70%	-6.15%	—	28.83%
—	—	—	—	—	—	6.33%	5.51%	-1.26%	—	5.20%
					2.16%					
-13.11%	—	-4.50%	3.57%	8.83%	2.47%	-15.41%	-3.73%	-23.12%	6.33%	5.91%
55.42%	—	44.84%	5.78%	31.57%	20.38%	—	—	—	—	—
9.22%	—	7.69%	1.13%	5.64%	3.78%	—	—	—	—	—
190.92%/^^	—	123.40%/^^	—	73.09%/^^	38.36%/^^	—	—	—	—	—
11.27%	—	8.37%	—	5.64%	3.30%	—	—	—	—	—
183.93%@	—	125.12%	—	76.11%	38.31%	—	—	—	—	—
11.00%	—	8.45%	—	5.82%	3.30%	—	—	—	—	—
—	-2.61%†	—	46.93%#	—	—	-21.90%	3.73%	-19.36%	22.70%~	12.94%
—	—	—	5.15%	—	—	-8.84%	1.38%	-7.74%	7.96%	4.66%
—	—	—	—	—	—	36.26%	31.10%	-5.86%	—	29.23%
—	—	—	—	—	—	6.39%	5.57%	-1.20%	—	5.27%
					2.16%					

Back Load Contract With Surrender (Series QQ)

Total return at unit value (as of 12/31/01)	Small Cap Growth Stock Division	T. Rowe Price Small Cap Value Division	Aggressive Growth Stock Division	International Growth Stock Division	Franklin Templeton International Equity Division	Index 400 Stock Division	Growth Stock Division	J.P. Morgan Select Growth and Income Stock Division	Capital Guardian Domestic Equity Division
1 year	-13.11%	—	-28.99%	—	-23.20%	-10.04%	-23.41%	-17.06%	—
5 years	—	—	35.66%	—	11.06%	—	53.16%	33.70%	—
Annualized	—	—	6.29%	—	2.12%	—	8.90%	5.98%	—
10 years	—	—	184.71%	—	—	—	—	—	—
Annualized	—	—	11.03%	—	—	—	—	—	—
10 years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since division inception in Account A ..	78.30%~	-6.77%†	—	-17.87%†	89.04%/^	20.68%~	142.92%#	108.74%#	-10.70%†
Annualized	24.17%	—	—	—	7.62%	7.29%	12.28%	10.08%	—
Since portfolio inception††	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

Back Load Contract With Surrender (Series RR)

1 year	-11.11%	—	-26.99%	—	-21.20%	-8.04%	-21.41%	-15.06%	—
5 years	—	—	35.66%	—	11.06%	—	53.16%	33.70%	—
Annualized	—	—	6.29%	—	2.12%	—	8.90%	5.98%	—
10 years	—	—	183.94%	—	—	—	—	—	—
Annualized	—	—	11.00%	—	—	—	—	—	—
10 Years**	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Since portfolio inception in Account A ..	78.30%~	-4.77%†	—	-15.87%†	88.89%/^	20.68%~	142.43%#	108.60%#	-8.70%†
Annualized	24.17%	—	—	—	7.61%	7.29%	12.25%	10.07%	—
Since portfolio inception††	—	—	—	—	—	—	—	—	—
Annualized	—	—	—	—	—	—	—	—	—
Current Yield##	—	—	—	—	—	—	—	—	—

All total return figures are for divisions of NML Variable Annuity Account A and are based on the change in unit value, which reflects expenses, such as account charges and fees applied at the contract level; figures for the Front Load contract reflect a maximum sales load of 4% for the Series QQ and 4.5% for the Series RR; figures for the Series QQ Back Load contract with surrender reflect deductions for a maximum 8% withdrawal charge, declining at a rate of 1% per year; figures for the Series RR Back Load contract with surrender reflect deductions for a maximum 6% withdrawal charge for the first three years, declining at a rate of 1% per year thereafter. The data reflects an initial contract size of \$10,000 for the Front Load (minimum size) and \$1,000 for the Back Load. Performance data represents past results and is not a guarantee of future results. Future unit values and investment returns may vary so an investor's units, when redeemed, may be worth more or less than their original value. Performance for other separate accounts will differ.

†† Returns stated are as of the inception date of the portfolio which precedes availability in Account A. See the following footnotes for portfolio inception dates.

Inception date of 5/3/94.

^ Inception date of 4/30/93.

@ On April 30, 1993, the Index 500 Portfolio was indexed to approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. Before then, the Portfolio was actively managed.

~ Inception date of 4/30/99.

† Inception date of 7/31/01.

+ Inception date of this division in Account A was 4/30/99. Actual fund inception was 1/2/97. Performance quoted prior to 4/30/99 is based on actual investment experience, adjusted for expenses of the product and premium charges.

^/ 10 year return for this division in Account A.

** 10 year return for this Portfolio of the Northwestern Mutual Series Fund, Inc. This Portfolio became available to this division on May 3, 1994.

Performance quoted prior to May 3, 1994, is based on actual investment experience of the Portfolio, adjusted for expenses of the product and premium charges.

For the seven-day period ended December 31, 2001, the Money Market Portfolio's yield was 2.16% and was equivalent to a compound effective yield of 2.18%. The seven-day yield does not include deductions that are included in the separate accounts. The yield quotation more closely reflects the current earnings of the Money Market Portfolio than the total return quotation.

Note: "Standard and Poor's 500" and "S&P 500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by The Northwestern Mutual Life Insurance Company. The Series Fund and its Portfolios are not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in them.

Index 500 Stock Division	Asset Allocation Division	Balanced Division	High Yield Bond Division	Select Bond Division	Money Market Division	Russell Multi-Style Equity Division+	Russell Aggressive Equity Division+	Russell Non-U.S. Division+	Russell Real Estate Securities Division	Russell Core Bond Division+
-21.11%	—	-12.50%	-4.43%	0.83%	-5.53%	-23.41%	-11.73%	-31.12%	-1.67%	-2.09%
51.41%	—	40.85%	1.76%	27.57%	16.38%	—	—	—	—	—
8.65%	—	7.09%	0.35%	4.99%	3.08%	—	—	—	—	—
191.71%/^^	—	123.61%/^^	—	73.09%/^^	38.36%/^^	—	—	—	—	—
11.30%	—	8.38%	—	5.64%	3.30%	—	—	—	—	—
183.93%@	—	125.12%	—	76.11%	38.31%	—	—	—	—	—
11.00%	—	8.45%	—	5.82%	3.30%	—	—	—	—	—
—	-10.61%†	—	45.97%#	—	—	-27.91%	-2.28%	-25.36%	16.69%~	6.96%
—	—	—	5.06%	—	—	-11.53%	-0.86%	-10.37%	5.95%	2.55%
—	—	—	—	—	—	32.26%	27.10%	-9.86%	—	25.23%
—	—	—	—	—	—	5.76%	4.92%	-2.06%	—	4.61%
					2.16%					
-19.11%	—	-10.50%	-2.43%	2.83%	-3.53%	-21.41%	-9.73%	-29.12%	0.33%	-0.09%
51.41%	—	40.85%	1.76%	27.57%	16.38%	—	—	—	—	—
8.65%	—	7.09%	0.35%	4.99%	3.08%	—	—	—	—	—
190.92%/^^	—	123.40%/^^	—	73.09%/^^	38.36%/^^	—	—	—	—	—
11.27%	—	8.37%	—	5.64%	3.30%	—	—	—	—	—
183.93%@	—	125.12%	—	76.11%	38.31%	—	—	—	—	—
11.00%	—	8.45%	—	5.82%	3.30%	—	—	—	—	—
—	-8.61%†	—	45.97%#	—	—	-27.91%	-2.28%	-25.36%	16.69%~	6.96%
—	—	—	5.06%	—	—	-11.53%	-0.86%	-10.37%	5.95%	2.55%
—	—	—	—	—	—	32.26%	27.10%	-9.86%	—	25.23%
—	—	—	—	—	—	5.76%	4.92%	-2.06%	—	4.61%
					2.16%					

Guaranteed Interest Fund (GIF)

Objective:

Amounts you invest in the Guaranteed Interest Fund earn interest at rates we declare from time to time. We will guarantee the interest rate for each amount for at least one year. The interest rate will be at an annual effective rate of at least 3%. At the expiration of the period for which we guarantee the interest rate, we will declare a new interest rate. We credit interest and compound it daily.

Each purchase payment or amount transferred to the GIF becomes part of Northwestern Mutual's general assets, which are all of the Company's assets except those held in separate accounts.

The GIF may not be available in all states.

Net Assets:

\$237.48 million

RR Series Historic Rates

Beginning of Month	Front-End		Back-End	
	New Money Rate	Renewal Rate	New Money Rate	Renewal Rate
12/1/01	4.25%	4.75%	3.50%	4.00%
11/1/01	3.80%	4.30%	3.05%	3.55%
10/1/01	4.00%	4.50%	3.25%	3.75%
9/1/01	4.40%	4.90%	3.65%	4.15%
8/1/01	4.60%	5.10%	3.85%	4.35%
7/1/01	5.00%	5.45%	4.25%	4.70%
6/1/01	5.10%	5.60%	4.35%	4.85%
5/1/01	4.95%	5.45%	4.20%	4.70%
4/1/01	4.90%	5.40%	4.15%	4.65%
3/1/01	5.15%	5.65%	4.40%	4.90%
2/1/01	5.30%	5.80%	4.55%	5.05%
1/1/01	5.70%	5.95%	4.95%	5.20%

The maximum transfer amount from the GIF to a variable fund cannot be less than \$1,000 or greater than \$50,000. The \$50,000 limit does not apply in New York. Investments in the GIF are subject to a maximum limit of \$1 million (\$250,000 in New York) without prior consent.

Economic Overview and Outlook

The Economy

The economy in 2001 turned out to be weaker than most forecasters had anticipated. As the year progressed, more and more indicators pointed toward recession. The tragic events of September 11 brought sharp focus to a general sense of economic malaise, and created serious problems for certain industries, especially travel.

In November, the National Bureau of Economic Research declared officially that a recession had begun in March 2001, exactly ten years after the record economic expansion of the 1990s began. This is an unusual recession, however. In most recent slowdowns, demand has been choked by rising interest rates, inflation, or oil shortages. This time, the Federal Reserve has provided stimulus through an unprecedented series of interest rate cuts. Consumer spending has remained strong, especially in interest-sensitive areas such as housing and autos. Business inventories appear to be at a reasonable level, and productivity is holding up unusually well.

Now the main questions concern the depth and duration of the recession, and the strength of the subsequent recovery. Most observers are reasonably positive: The consensus of 55 economists surveyed by *The Wall Street Journal* (article published January 4, 2002) is that the economy will resume growth in the first half of 2002, with the annualized growth rate surpassing 3% by the end of the year. However, there is wide divergence among the experts, with forecasts for real growth for the full year 2002 ranging from -1.7% to 5.0%. The progress of the recovery will be determined largely by whether an initial period of inventory rebuilding is followed by a sustainable increase in capital spending.

The Equity Market

For the first time since the 1970s, the major market indices — the S&P 500 Index, the Dow Jones Industrial Average, and the Nasdaq Composite Index — all posted losses for the second consecutive year. The net downtrend was far from steady. A drop in the first quarter, most pronounced in the technology-heavy Nasdaq index, was followed by a modest rally in the summer. A sharp drop when the market reopened after September 11 was followed by a rally in the fourth quarter. Throughout the year, the market experienced tremendous volatility, with record numbers of days exhibiting sharp moves up or down.

Investors should remember that the late 1990s were a period of unprecedented equity returns. Total return of the S&P 500 Index was above 20% for five consecutive years, after surpassing 20% for only eight of the previous 30 years.

Market history offers some encouragement to investors in hope of a rebound in 2002. It has been 60 years since the major stock indexes fell for three consecutive years. That happened in 1939-1941, as fascism was sweeping through Europe and recovery from the Great Depression was just beginning. With a modest economic recovery predicted for 2002, any strength in the stock market is likely to be similarly mild. A shift in interest from large-cap to small-cap stocks, and from growth to value, makes it seem likely that market leadership will be quite different from the 1990s, when technology dominated performance.

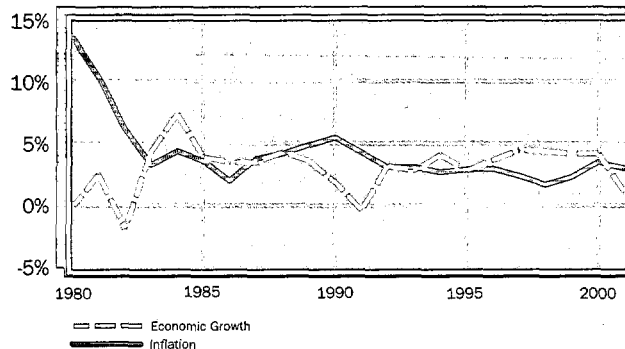
The Bond Market

For the second consecutive year bonds substantially outperformed stocks in 2001. Total return from the Merrill Lynch Domestic Master Index was 8.3%, versus a loss of 11.8% in the S&P 500 Index.

Within the bond market, the most pronounced trend was a dramatic steepening in the yield curve, which depicts the relationship between yields on short-term bonds and long-term bonds. Short-term yields dropped dramatically, in response to easing by the Federal Reserve, while yields on 30-year bonds remained essentially unchanged throughout the year.

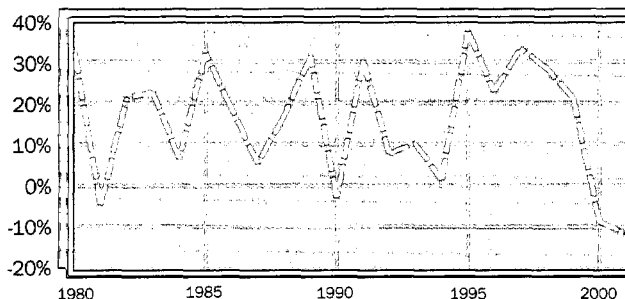
Another important trend in the bond market was a tightening of interest rate spreads between U.S. Treasury bonds and corporate bonds during the year. At the beginning of the year, the spread was wider than usual, reflecting strong demand for Treasuries and concern about the performance of corporate bonds in a slowing economy. The spread narrowed over the next few months; then Treasuries rallied sharply in the market turmoil that followed September 11. Near the end of the year, as some economic data proved more positive than expected, investors began to regain confidence in corporate bonds, pushing prices up and yields down. Accordingly, corporate bonds outperformed Treasury securities for the first time in four years.

Economic Growth and Inflation

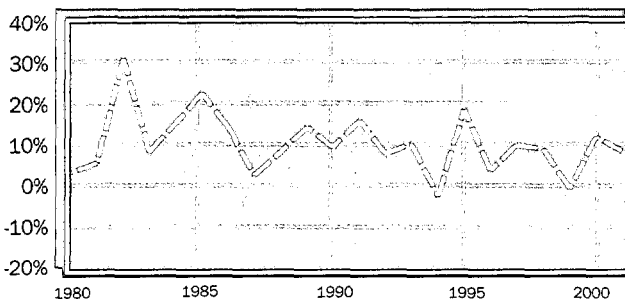


Source: U.S. Department of Commerce. Year-to-year percentage change in Real Gross Domestic Product is used for real economic growth. December-to-December percentage change in the Consumer Price Index — Urban is used for the inflation rate. 2001 numbers are based on preliminary data.

Annual Total Returns from S&P 500 Index



Annual Total Returns from Merrill Lynch Domestic Master Index



Small Cap Growth Stock Portfolio

Objective:

Maximum long-term appreciation of capital

Portfolio Strategy:

Strive for the highest possible rate of capital appreciation by investing in companies with potential for rapid growth.

Net Assets:

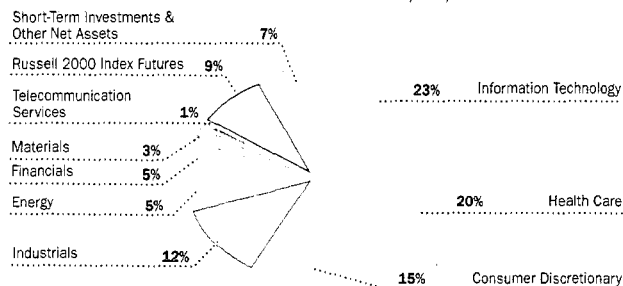
\$291.45 million

The Small Cap Growth Stock Portfolio owns the stocks of emerging growth companies, with the objective of maintaining a median market capitalization of \$1 billion. The range of market capitalization is generally between \$200 million and \$3 billion. The investment process involves detailed studies of individual companies. Factors evaluated include the growth rates of revenues and earnings, opportunities for margin expansion, financial strength and quality of management. Since growth stock portfolios tend to react strongly to changes in financial and economic markets, as well as to changes in the prospects for individual companies, returns of this Portfolio can vary considerably from time to time. A higher level of risk (with risk defined as variability of returns over time) is accepted for the potential of greater long-term returns.

The year just ended, with a slowing economy, the aftermath of the technology boom of prior years, and external shocks to the markets, was particularly difficult for the small-cap growth category of equities. As a defensive measure, certain holdings in the travel and consumer cyclical sectors were eliminated during the third quarter, and there has been a degree of concentration in non-cyclical industry groups such as business services, many of which are categorized in the Industrials sector. Some of the Portfolio's large holdings in industries such as health care and specialty finance that have limited exposure to broad economic trends have performed well; these include Lincare, Patterson Dental and Radian Group.

As the market responds to increasing signs of economic recovery, there appears to be considerable opportunity for this portfolio, since small cap stocks traditionally perform well in the early stages of a recovery. Accordingly, holdings at the end of 2001 reflect moves to increase exposure to more cyclical industry groups. New or increased holdings include Coach Leatherware, which should benefit from an improving consumer environment; Airgas, a gas distributor; and oil service companies such as Patterson-UTI Energy and National-Oilwell. In anticipation of a recovery, the Portfolio is overweighted in health care and technology, two sectors considered to have strong long-term growth prospects.

Sector Allocation 12/31/01

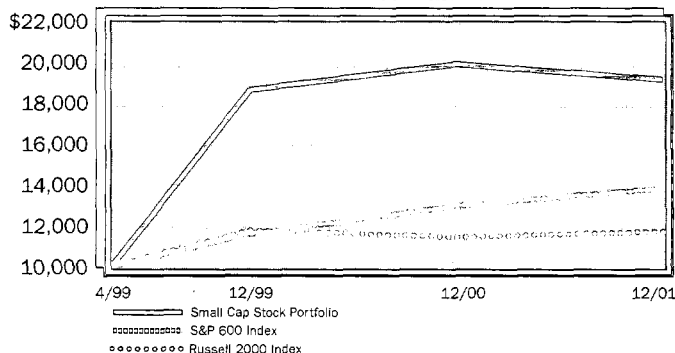


The Small Cap Growth Stock Portfolio's investment in Initial Public Offerings (IPOs) had a significant impact on its since inception performance. There can be no assurance that IPOs will continue to have a positive affect on the Portfolio's performance.

Top 10 Equity Holdings 12/31/01

Company	% of Total Net Assets
O'Reilly Automotive, Inc.	4.0%
UTStarcom, Inc.	3.8%
Lincare Holdings, Inc.	3.7%
Advent Software, Inc.	2.8%
Patterson Dental Company	2.7%
Resources Connection, Inc.	2.1%
The Corporate Executive Board Company	2.1%
Tetra Tech, Inc.	2.0%
Radian Group, Inc.	2.0%
Varian, Inc.	2.0%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2001

	1 Year	Since Inception#
Small Cap Stock Portfolio	-3.76%	27.44%
S&P 600 Index	6.54%	12.82%
Russell 2000 Index	2.49%	6.04%

#Inception date of 4/30/99

Since the Portfolio invests primarily in small capitalization issues, the indices that best reflect the Portfolio's performance are the Standard & Poor's (S&P) SmallCap 600 Index and Russell 2000 Index.

The Standard & Poor's SmallCap 600 Index is an unmanaged index of 600 selected common stocks of smaller U.S.-based companies compiled by Standard & Poor's Corporation. As of December 31, 2001, the 600 companies in the composite had median market capitalization of \$525.2 million and total market value of \$376.2 billion. The SmallCap 600 represents approximately 2.6% of the market value of Compustat's database of over 10,000 equities.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest US companies based on total market capitalization. These 3,000 companies represent approximately 98% of the investable US equity market. As of December 31, 2001, the average market capitalization of companies in the Russell 3000 was \$4.6 billion; the median market capitalization was \$732 million. Market capitalization of companies in the Index ranged from \$487 billion to \$147 million.

The Russell 2000 Index represents approximately 8% of the total market capitalization of the Russell 3000. As of December 31, 2001, the average market capitalization of companies in the Russell 2000 was approximately \$530 million; the median market capitalization was approximately \$410 million. The largest company in the index had a total market capitalization of approximately \$1.4 billion.

This chart assumes an initial investment of \$10,000 made on 4/30/99 (commencement of the Fund's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Small Cap Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Common Stock (84.0%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (14.7%)		
*Catalina Marketing Corporation	83,700	\$ 2,904
*CDW Computer Centers, Inc.	19,300	1,037
*Coach, Inc.	112,900	4,401
Fred's, Inc.	74,300	3,043
*Getty Images, Inc.	77,900	1,790
*The Gymboree Corporation	259,700	3,098
*O'Reilly Automotive, Inc.	322,100	11,748
*Orient-Express Hotels, Ltd. — Class A	150,800	2,729
*Palm Harbor Homes, Inc.	43,300	1,037
*Peet's Coffee & Tea, Inc.	106,400	1,200
The Talbots, Inc.	58,800	2,132
*Tommy Hilfiger Corporation	252,900	3,477
*Westwood One, Inc.	136,500	4,102
Total		42,698
Energy (4.6%)		
*Cal Dive International, Inc.	128,300	3,166
*Energy Partners, Ltd.	185,000	1,397
*Grant Prideco, Inc.	239,600	2,755
*National-Oilwell, Inc.	154,200	3,178
*Patterson-UTI Energy, Inc.	128,000	2,984
Total		13,480
Financials (5.2%)		
Investors Financial Services Corp.	66,100	4,376
*Philadelphia Consolidated Holding Corp.	13,000	490
Radian Group, Inc.	135,100	5,804
Waddell & Reed Financial, Inc. — Class A	140,450	4,522
Total		15,192
Health Care (20.1%)		
*Accredo Health, Inc.	70,700	2,807
*AMN Healthcare Services, Inc.	18,700	512
*Apogent Technologies, Inc.	158,500	4,089
*CIMA Labs, Inc.	47,600	1,721
*Cross Country, Inc.	32,800	869
D & K Healthcare Resources, Inc.	60,900	3,468
*DaVita, Inc.	176,700	4,320
*Fisher Scientific International, Inc.	3,000	88
*Lincare Holdings, Inc.	377,600	10,819
*Patterson Dental Company	190,700	7,806
*Priority Healthcare Corporation — Class B	76,000	2,674
*Province Healthcare Company	173,850	5,366
*Renal Care Group, Inc.	146,800	4,712
*Sola International, Inc.	65,000	1,261
*Sybron Dental Specialties, Inc.	72,466	1,564
*Taro Pharmaceutical Industries, Ltd.	38,200	1,526
*Third Wave Technologies	130,800	961

Common Stock (84.0%)	Shares/ Par	Market Value (000's)
Health Care continued		
*Triad Hospitals, Inc.	88,500	\$ 2,597
*Ventana Medical Systems, Inc.	61,100	1,382
Total		58,542
Industrials (11.9%)		
C.H. Robinson Worldwide, Inc.	170,100	4,918
*Charles River Associates Incorporated	84,800	1,738
*Cornell Companies, Inc.	109,000	1,924
*The Corporate Executive Board Company	168,400	6,180
*Education Management Corporation	69,200	2,509
*ITT Educational Services, Inc.	31,400	1,158
*Knight Transportation, Inc.	151,553	2,846
*Resources Connection, Inc.	235,400	6,198
SkyWest, Inc.	47,700	1,214
*Tetra Tech, Inc.	297,625	5,926
Total		34,611
Information Technology (23.4%)		
*Advent Software, Inc.	160,300	8,007
*Amphenol Corporation — Class A	30,000	1,442
*Aspen Technology, Inc.	153,700	2,582
*BARRA, Inc.	68,350	3,219
*DDI Corp.	136,600	1,344
*EPIQ Systems, Inc.	108,250	2,095
*Forrester Research, Inc.	95,400	1,921
*Inforte Corp.	207,600	2,900
*Micromuse, Inc.	73,800	1,107
*MKS Instruments, Inc.	125,300	3,387
*Nassda Corporation	69,200	1,556
*Plexus Corp.	118,000	3,134
*PRI Automation, Inc.	131,000	2,679
*Renaissance Learning, Inc.	121,400	3,699
*Semtech Corporation	95,600	3,412
*SmartForce Public Limited Company, ADR	120,900	2,992
*TESSCO Technologies Incorporated	194,700	3,339
*THQ, Inc.	40,200	1,948
*Universal Access Global Holdings, Inc.	207,400	973
*UTStarcom, Inc.	383,800	10,939
*Varian, Inc.	176,900	5,739
Total		68,414
Materials (2.9%)		
*Airgas, Inc.	202,900	3,068
Cambrex Corporation	62,900	2,742
Minerals Technologies, Inc.	56,200	2,621
Total		8,431

Small Cap Growth Stock Portfolio

	Shares/ Par	Market Value (000's)
Common Stock (84.0%)		
Telecommunication Services (1.2%)		
*AirGate PCS, Inc.	75,100	\$ 3,421
Total		<u>3,421</u>
Total Common Stock (Cost: \$222,553)		<u>244,789</u>
Money Market Investments (16.1%)		
Cigarettes (1.7%)		
#Phillip Morris Co., Inc., 1.81%, 1/18/02	\$5,000,000	4,996
Total		<u>4,996</u>
Commercial Banks (1.7%)		
#JP Morgan Chase & Co., 1.86%, 2/8/02	5,000,000	4,990
Total		<u>4,990</u>
Federal Government Agencies (1.5%)		
#Federal National Mortgage Association, 1.73%, 2/15/02	4,500,000	4,490
Total		<u>4,490</u>
Finance Services (1.7%)		
#Preferred Receivable Funding, 1.85%, 2/4/02	5,000,000	4,991
Total		<u>4,991</u>
Machinery (1.7%)		
#John Deere Capital Corp., 2.05%, 1/14/02	5,000,000	4,996
Total		<u>4,996</u>
Miscellaneous Business Credit Institutions (1.7%)		
#National Rural Utilities, 1.75%, 1/28/02	5,000,000	4,993
Total		<u>4,993</u>
Personal Credit Institutions (2.6%)		
Household Finance Corp., 1.94%, 1/18/02	5,000,000	4,995
Variable Funding Capital, 2.45%, 1/10/02	2,400,000	2,399
Total		<u>7,394</u>

	Shares/ Par	Market Value (000's)
Money Market Investments (16.1%)		
Short Term Business Credit (3.5%)		
Asset Securitization, 1.95%, 1/18/02	\$5,000,000	\$ 4,995
Transamerica Financial Corporation, 1.93%, 1/9/02	5,000,000	4,999
Total		<u>9,994</u>
Total Money Market Investments (Cost: \$46,844)		<u>46,844</u>
Total Investments (100.1%) (Cost \$269,397)^		<u>291,633</u>
Other Assets, Less Liabilities (-0.1%)		<u>(185)</u>
Total Net Assets (100.0%)		<u>\$291,448</u>

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$271,272 and the net unrealized appreciation of investments based on that cost was \$20,361 which is comprised of \$38,050 aggregate gross unrealized appreciation and \$17,689 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
Russell 2000 Index Futures	106	3/02	\$291
(Total Notional Value at 12/31/01 \$25,642)			

The Accompanying Notes are an Integral Part of the Financial Statements

T. Rowe Price Small Cap Value Portfolio

Objective:

Long-term growth of capital

Portfolio Strategy:

Invest in small companies whose common stocks are believed to be undervalued.

Net Assets:

\$21.00 million

The T. Rowe Price Small Cap Value Portfolio invests in companies with market capitalization of \$1 billion or less whose current stock prices do not appear to reflect their underlying value. For this Portfolio, value is defined broadly, with consideration given to stock price relative to long-term growth prospects and business franchises, in addition to typical value measures such as assets, current earnings and cash flow. Many of the Portfolio's holdings are quality companies that have been overlooked by the investment community.

The Portfolio typically holds approximately 100 stocks with average market capitalization somewhat smaller than the Russell 2000 Value Index, its major performance benchmark, as consideration of smaller companies often makes it possible to invest in higher quality companies without paying a premium. The average price-earnings ratio of stocks in the Portfolio is generally close to that of the Index, but quality measures such as return on equity and financial strength are higher. The major emphasis is on selection of individual stocks, with secondary consideration given to industry weightings in order to keep the Portfolio broadly diversified among economic sectors.

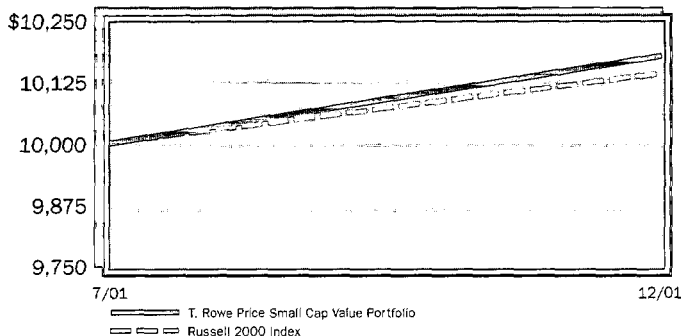
Small-cap value stocks as a group were up in 2000 and 2001, when the broad market averages were down significantly, after underperforming in the previous years of strong large-cap equity markets; this portfolio therefore provides an excellent diversification opportunity for holders of large capitalization stocks. The Portfolio has performed in line with the Russell 2000 Value Index in the five months since it was added to the investment choices available to Northwestern Mutual policyowners. Major holdings that contributed to performance in recent months were Brown & Brown, an insurance brokerage firm; Ruby Tuesday, a casual dining restaurant chain; XTO Energy, an independent producer of oil and natural gas producer; and Allied Capital, which provides debt and equity capital to middle-market companies.

Top 10 Equity Holdings 12/31/01

Company	% of Total Net Assets
Brown & Brown, Inc.	2.7%
Ruby Tuesday, Inc.	2.5%
XTO Energy, Inc.	2.4%
Fred's, Inc.	2.3%
Insituform Technologies, Inc. — Class A	2.1%
Allied Capital Corporation	1.8%
Texas Regional Bancshares, Inc. — Class A	1.6%
Community First Bankshares, Inc.	1.6%
RARE Hospitality International, Inc.	1.5%
Silicon Valley Bancshares	1.5%

The T. Rowe Price Small Cap Value Portfolio is managed for Northwestern Mutual by T. Rowe Price.

Relative Performance



Total Return For Period Ended December 31, 2001

	Since Inception#
T. Rowe Price Small Cap Value Portfolio	1.76%
Russell 2000 Index	1.40%

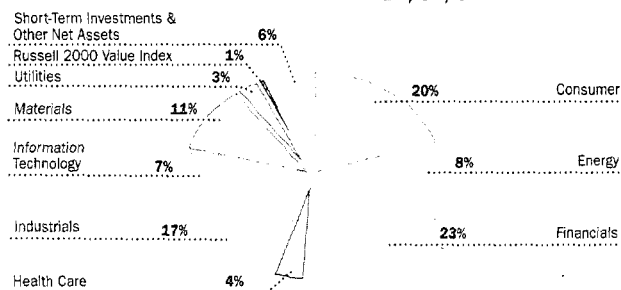
#Inception date of 7/31/01, returns not annualized

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest US companies based on total market capitalization. These 3,000 companies represent approximately 98% of the investable US equity market. As of December 31, 2001, the average market capitalization of companies in the Russell 3000 was \$4.6 billion; the median market capitalization was \$732 million. Market capitalization of companies in the Index ranged from \$487 billion to \$147 million.

The Russell 2000 Index represents approximately 8% of the total market capitalization of the Russell 3000. As of December 31, 2001, the average market capitalization of companies in the Russell 2000 was approximately \$530 million; the median market capitalization was approximately \$410 million. The largest company in the index had a total market capitalization of approximately \$1.4 billion.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of the Fund's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Sector Allocation 12/31/01



T. Rowe Price Small Cap Value Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Common Stock (93.4%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (17.8%)		
Aaron Rents, Inc.	9,600	\$ 156
Aaron Rents, Inc. — Class A	1,300	18
CSS Industries, Inc.	6,400	198
Culp, Inc.	8,100	31
*Dan River, Inc. — Class A	9,800	5
Fred's, Inc.	11,850	485
Hancock Fabrics, Inc.	9,200	121
Haverty Furniture Companies, Inc.	18,200	301
Modine Manufacturing Company	4,700	110
*Paxson Communications Corporation	4,300	45
RARE Hospitality International, Inc.	13,700	309
Ruby Tuesday, Inc.	25,000	515
*Saga Communications, Inc. — Class A	7,100	147
SCP Pool Corporation	10,325	283
*Sinclair Broadcast Group, Inc. — Class A	3,900	37
Skyline Corporation	6,850	221
Stanley Furniture Company, Inc.	7,350	175
*Stein Mart, Inc.	27,500	230
TBC Corporation	16,000	214
*Unifi, Inc.	19,800	144
Total		3,745
Consumer Staples (1.9%)		
*American Italian Pasta Company — Class A	3,500	147
Casey's General Stores, Inc.	14,900	222
Packaged Ice, Inc.	18,900	20
Total		389
Energy (7.8%)		
Attwoods PLC	4,550	159
Carbo Ceramics, Inc.	5,500	215
*Forest Oil Corporation	8,050	227
Lone Star Technologies, Inc.	5,800	102
Newpark Resources, Inc.	13,700	108
Tetra Technologies, Inc.	9,200	193
W-H Energy Services, Inc.	6,900	131
XTO Energy, Inc.	28,500	499
Total		1,634
Financials (23.4%)		
Allied Capital Corporation	14,300	372
American Capital Strategies, Ltd.	8,050	228
Brown & Brown, Inc.	21,000	574
Community First Bankshares, Inc.	13,200	339
First Financial Fund, Inc.	17,100	214
*First Republic Bank, Inc.	11,300	273
Gladstone Capital Corp.	4,400	81
Glenborough Realty Trust Incorporated	13,700	266
Innkeepers USA Trust	13,700	134
JP Realty, Inc.	9,150	218

Common Stock (93.4%)	Shares/ Par	Market Value (000's)
Financials continued		
Kilroy Realty Corporation	9,200	\$ 242
Lasalle Hotel Properties	9,500	112
Markel Corporation	1,125	202
Ohio Casualty Corporation	5,800	93
Presidential Life Corporation	4,700	97
ProAssurance Corporation	9,300	163
*Silicon Valley Bancshares	11,400	305
Sun Communities, Inc.	6,900	257
Texas Regional Bancshares, Inc. — Class A	9,100	344
*Triad Guaranty, Inc.	8,400	305
Washington Real Estate Trust	4,700	117
Total		4,936
Health Care (3.9%)		
Bone Care International, Inc.	13,500	231
*Guilford Pharmaceuticals, Inc.	14,200	170
Owens & Minor, Inc.	16,000	296
*Sola International, Inc.	5,800	113
Total		810
Industrials (16.7%)		
Ameron International Corporation	1,600	111
*Dal-Tile International, Inc.	5,800	135
EDO Corporation	8,100	214
Electro Rent Corporation	15,150	195
G & K Services, Inc. — Class A	6,950	224
Hub Group, Inc. — Class A	4,700	49
Ilex Corporation	5,700	197
*Insituform Technologies, Inc. — Class A	17,100	437
Landauer, Inc.	4,600	156
Landstar System, Inc.	4,100	297
Layne Christensen Company	6,900	55
Littelfuse, Inc.	8,000	210
Matthews International Corporation — Class A	12,350	304
*Midwest Express Holdings, Inc.	7,000	102
*Modis Professional Services, Inc.	18,300	131
Thomas Industries, Inc.	9,150	229
UTI Worldwide, Inc.	9,100	178
Woodward Governor Company	4,800	280
Total		3,504
Information Technology (7.0%)		
Analogic Corporation	6,400	246
Analysts International Corporation	4,900	20
ATMI, Inc.	5,800	138
Brooks Automation, Inc.	5,300	216
Franklin Electric Co., Inc.	2,950	242
Methode Electronics, Inc. — Class A	8,100	65
Packeteer, Inc.	16,000	118

T. Rowe Price Small Cap Value Portfolio

Common Stock (93.4%)	Shares/ Par	Market Value (000's)
Information Technology continued		
Progress Software Corporation	12,600	\$ 218
*SPSS, Inc.	11,450	203
Total		<u>1,466</u>
Materials (10.7%)		
*Airgas, Inc.	16,000	242
Aptargroup, Inc.	8,250	289
Arch Chemicals, Inc.	9,150	212
Deltic Timber Corporation	6,500	178
Florida Rock Industries, Inc.	4,850	177
Gibraltar Steel Corporation	9,550	167
Ivex Packaging Corporation	12,900	245
Liqui-Box Corporation	4,150	171
Myers Industries, Inc.	9,200	126
Penn Virginia Corporation	6,850	234
Wausau-Mosinee Paper Corporation	17,000	206
Total		<u>2,247</u>
Other Holdings (0.9%)		
Russell 2000 Value Index	1,500	193
Total		<u>193</u>
Utilities (3.3%)		
Black Hills Corporation	4,200	142
Cleco Corporation	10,550	232
Otter Tail Corporation	4,700	137
Vectren Corporation	7,350	176
Total		<u>687</u>
Total Common Stock (Cost: \$18,455)		<u>19,611</u>

Money Market Investments (5.9%)	Shares/ Par	Market Value (000's)
Investment Company Reserves (5.9%)		
Reserve Investment Fund	1,240,328	\$ 1,240
Total Money Market Investments (Cost \$1,240)		<u>1,240</u>
Total Investments (99.3%) (Cost \$19,695)^		<u>20,851</u>
Other Assets, Less Liabilities (0.7%)		<u>152</u>
Total Net Assets (100.0%)		<u>\$21,003</u>

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$19,712 and the net unrealized appreciation of investments based on that cost was \$1,139 which is comprised of \$1,396 aggregate gross unrealized appreciation and \$257 aggregate gross unrealized depreciation.

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

Aggressive Growth Stock Portfolio

Objective:

Maximum long-term appreciation of capital

Portfolio Strategy:

Strive for the highest possible rate of capital appreciation by investing in companies with potential for rapid growth.

Net Assets:

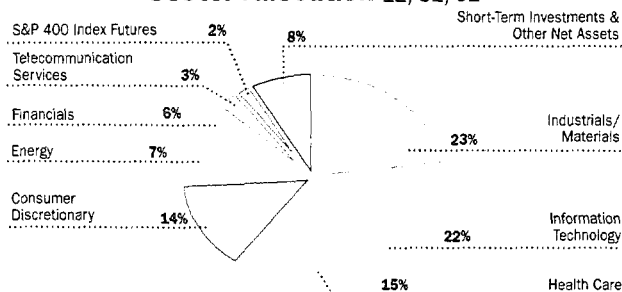
\$1.34 billion

The Aggressive Growth Stock Portfolio owns the stocks of emerging growth companies, generally with market capitalizations of less than \$10 billion. Since growth stock portfolios tend to react strongly to changes in financial and economic markets, as well as to changes in the prospects for individual companies, returns of this Portfolio can vary considerably from time to time. A higher level of risk (with risk defined as variability of returns over time) is accepted for the potential of greater long-term returns. The Portfolio's focus in stock selection is on the individual companies' ability to generate revenue, expand profit margins and maintain solid balance sheets; industry sector selection is of secondary importance.

In a difficult and volatile market environment, the Aggressive Growth Stock Portfolio has underperformed its benchmark, the S&P MidCap 400 Index, over the last year. Communication, technology and energy have been among the poorer performing industry groups. More defensive holdings such as Investors Financial Services, Fiserv, Radian Group and Concord EFS in the financial services sector and Patterson Dental in health care have held up well. Technology holdings benefited from a rally in the final months of the year.

In anticipation of a recovery, the Portfolio's holdings are being adjusted to provide more participation in growth-oriented cyclical.

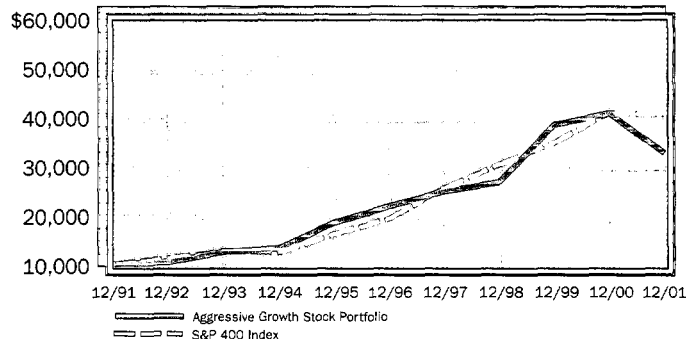
Sector Allocation 12/31/01



Top 10 Equity Holdings 12/31/01

Company	% of Total Net Assets
Patterson Dental Company	3.2%
Fiserv, Inc.	2.8%
The Corporate Executive Board Company	2.3%
Cintas Corporation	2.2%
Investors Financial Services Corp.	2.1%
Lincare Holdings, Inc.	1.9%
Kohl's Corporation	1.9%
Tetra Tech, Inc.	1.9%
Radian Group, Inc.	1.9%
Concord EFS, Inc.	1.8%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2001

	1 Year	5 Years	10 Years
Aggressive Growth Stock Portfolio	-19.87%	8.42%	12.57%
S&P 400 Index	-0.60%	16.11%	15.02%

Since the Portfolio invests primarily in medium-capitalization (Mid Cap) issues, the index that best reflects the Portfolio's performance is the S&P MidCap 400 Index. This is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market.

As of December 31, 2001, the 400 companies in the composite had median market capitalization of \$1.7 billion and a total market value of \$830.1 billion. The MidCap 400 represents approximately 5.7% of the market value of Compustat's database of over 10,000 equities.

This chart assumes an initial investment of \$10,000 made on 12/31/91. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Aggressive Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Common Stock (89.8%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (13.7%)		
*Abercrombie & Fitch Co. — Class A	560,200	\$ 14,862
*Catalina Marketing Corporation	378,900	13,148
*CDW Computer Centers, Inc.	164,100	8,814
*Dollar Tree Stores, Inc.	618,450	19,116
*Entercom Communications Corp. — Class A	213,500	10,675
*Gemstar-TV Guide International, Inc.	397,400	11,008
*Gentex Corporation	108,400	2,898
*Getty Images, Inc.	611,000	14,041
*Hispanic Broadcasting Corporation — Class A	309,900	7,902
*Jones Apparel Group, Inc.	331,200	10,986
*Kohl's Corporation	355,400	25,035
*Lamar Advertising Company — Class A	510,425	21,611
*O'Reilly Automotive, Inc.	371,000	13,530
*Pixar, Inc.	102,200	3,675
*TMP Worldwide, Inc.	141,400	6,066
Total		183,367

Energy (7.2%)		
*BJ Services Company	556,100	18,045
*Cooper Cameron Corporation	335,900	13,557
Dynegy, Inc. — Class A	310,900	7,928
GlobalSantaFe Corporation	624,901	17,822
*Grant Prideco, Inc.	910,225	10,468
*Nabors Industries, Inc.	450,500	15,466
*Weatherford International, Inc.	368,125	13,716
Total		97,002

Financials (6.4%)		
Investors Financial Services Corp.	424,800	28,125
Old Republic International Corporation	763,000	21,372
Radian Group, Inc.	577,200	24,791
SouthTrust Corporation	465,000	11,472
Total		85,760

Health Care (14.9%)		
*AdvancePCS	641,400	18,825
*Apogent Technologies, Inc.	813,700	20,993
Biomet, Inc.	534,200	16,507
*Elan Corporation PLC, ADR	144,555	6,514
*Health Management Associates, Inc.	764,100	14,059
*King Pharmaceuticals, Inc.	288,200	12,142
*Lincare Holdings, Inc.	907,800	26,009
*MedImmune, Inc.	372,800	17,279
*Patterson Dental Company	1,058,150	43,311

Common Stock (89.8%)	Shares/ Par	Market Value (000's)
Health Care continued		
*Province Healthcare Company	467,500	\$ 14,427
*Shire Pharmaceuticals Group PLC, ADR	259,600	9,501
Total		199,567

Industrials (21.1%)		
*Apollo Group, Inc. — Class A	318,400	14,331
*ARAMARK Corporation — Class B	95,700	2,574
*The BISYS Group, Inc.	162,700	10,411
Cintas Corporation	619,050	29,956
*Concord EFS, Inc.	735,950	24,124
*The Corporate Executive Board Company	838,000	30,755
Deere & Company	236,800	10,339
*DST Systems, Inc.	333,900	16,645
Expeditors International of Washington, Inc.	335,600	19,112
*Fiserv, Inc.	889,925	37,662
Graco, Inc.	49,600	1,937
*Mettler-Toledo International, Inc.	256,500	13,300
Paychex, Inc.	407,700	14,286
*Robert Half International, Inc.	419,900	11,211
SkyWest, Inc.	251,100	6,390
*Swift Transportation Co., Inc.	683,400	14,700
*Tetra Tech, Inc.	1,256,347	25,014
Total		282,747

Information Technology (22.3%)		
*ADC Telecommunications, Inc.	1,347,900	6,200
*BEA Systems, Inc.	258,100	3,977
*Cadence Design Systems, Inc.	554,100	12,146
*Comverse Technology, Inc.	176,500	3,948
*Credence Systems Corporation	1,019,500	18,932
*Electronic Arts, Inc.	247,800	14,856
*Intersil Corporation — Class A	269,000	8,675
*Intuit, Inc.	428,200	18,310
*Jabil Circuit, Inc.	632,300	14,366
*Keane, Inc.	347,500	6,265
*Micrel Incorporated	618,200	16,215
*Microchip Technology Incorporated	559,350	21,670
*Network Appliance, Inc.	174,300	3,812
*Novellus Systems, Inc.	148,200	5,846
PerkinElmer, Inc.	521,200	18,252
*PRI Automation, Inc.	605,400	12,380
*QLogic Corporation	378,000	16,825
*Rational Software Corporation	405,400	7,905
*RF Micro Devices, Inc.	266,500	5,125
*Sanmina-SCI Corporation	669,800	13,329
*Semtech Corporation	545,100	19,455
*TIBCO Software, Inc.	615,800	9,194
*VeriSign, Inc.	278,700	10,602

Aggressive Growth Stock Portfolio

Common Stock (89.8%)	Shares/ Par	Market Value (000's)
Information Technology continued		
*Vignette Corporation	1,631,684	\$ 8,762
*Waters Corporation	409,000	15,849
*Xilinx, Inc.	137,500	5,369
*Zebra Technologies Corporation — Class A	17,000	944
Total		<u>299,209</u>
Materials (1.5%)		
Praxair, Inc.	233,900	12,923
Sigma-Aldrich Corporation	198,900	7,839
Total		<u>20,762</u>
Telecommunication Services (2.7%)		
*Alamosa Holdings, Inc.	769,100	9,175
*American Tower Corporation — Class A	1,494,822	14,156
*Crown Castle International Corp.	1,269,900	13,563
Total		<u>36,894</u>
Total Common Stock (Cost: \$1,165,794)		<u>1,205,308</u>

Money Market Investments (9.8%)

Federal Government Agencies (0.4%)		
#Federal National Mortgage Association, 1.73%, 2/15/02	\$ 6,000,000	5,987
Total		<u>5,987</u>
Finance Lessors (1.6%)		
Preferred Receivable Funding, 2.04%, 1/9/02	900,000	900
#Receivables Capital Corp., 1.95%, 1/18/02	20,000,000	19,981
Total		<u>20,881</u>
Miscellaneous Business Credit Institutions (1.5%)		
John Deere Capital Corp., 1.90%, 1/18/02	20,000,000	19,982
Total		<u>19,982</u>
Personal Credit Institutions (3.0%)		
American General Finance, 1.92%, 1/11/02	20,000,000	19,990
Household Finance Corp., 1.93%, 1/22/02	20,000,000	19,977
Total		<u>39,967</u>

Money Market Investments (9.8%)	Shares/ Par	Market Value (000's)
Security Brokers & Dealers (0.3%)		
Salomon Smith Barney Holdings, 1.78%, 1/15/02	\$ 4,500,000	4,497
Total		<u>4,497</u>
Short Term Business Credit (1.5%)		
Asset Securitization, 1.95%, 1/18/02	20,300,000	20,281
Total		<u>20,281</u>
Utilities (1.5%)		
National Rural Utility Co., 2.01%, 1/25/02	20,000,000	19,973
Total		<u>19,973</u>
Total Money Market Investments (Cost \$131,568)		<u>131,568</u>
Total Investments (99.6%) (Cost \$1,297,362)^		<u>1,336,876</u>
Other Assets, Less Liabilities (0.4%)		<u>5,000</u>
Total Net Assets (100.0%)		<u>\$1,341,876</u>

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$1,304,489 and the net unrealized appreciation of investments based on that cost was \$32,387 which is comprised of \$195,480 aggregate gross unrealized appreciation and \$163,093 aggregate gross unrealized depreciation.

ADR — American Depositary Receipt

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
Midcap 400 Index Futures (Total Notional Value at 12/31/01 \$25,709)	102	3/02	\$255

The Accompanying Notes are an Integral Part of the Financial Statements

International Growth Portfolio

Objective:

Long-term capital appreciation

Portfolio Strategy:

Invest in stocks of companies outside the U.S. that are expected to experience above-average growth.

Net Assets:

\$26.90 million

The International Growth Stock Portfolio invests in common stocks of companies that are headquartered or trade primarily on exchanges outside the United States and that are expected to grow more rapidly than market averages. Holdings are selected for their individual characteristics and growth prospects, with only minor consideration given to size, geography, and industry group. Stocks are selected through fundamental analysis of their financial soundness and potential for growth, with emphasis on distinctiveness of products or services and strong market positions. Stocks under consideration are carefully analyzed to make sure the promise of growth is not already reflected in the stock price, with technical analysis used as a further check on the relationship between price, value and market trends.

At the end of 2001, the Portfolio was moderately concentrated in consumer cyclicals, including retailers and leading international auto makers Porsche AG, BMW and Honda, each of which has particular international strength in its market segment. Also in the automotive industry is Beru AG, a small German company with unique technology for monitoring tire pressure. A major retail holding is Belluna, a leading mail order company in Japan. Defensive balance for these economically sensitive issues is provided by consumer non-cyclical holdings in foods, beverages, tobacco and pharmaceuticals.

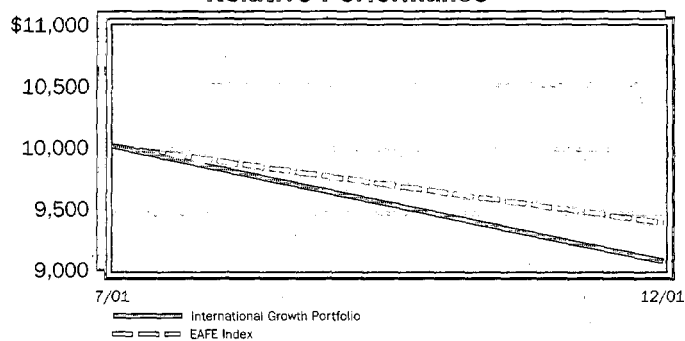
The Portfolio is somewhat overweighted in technology, with exposure concentrated in low-risk companies with proprietary products. These include Tandberg ASA of Norway, which makes videoconferencing equipment; Swiss-based Logitech, which makes computer mice and web cameras; and Philips Electronics, which makes a variety of consumer electronics, semiconductors and medical systems. Another theme is support services for business, with holdings in Thiel Logistik, a provider of logistics services to hospitals; Serco Group in facilities management; and Aggreko, which provides auxiliary power.

Holdings are concentrated in Europe, which represents 78% of the Portfolio.

Top 10 Equity Holdings 12/31/01

Company	Country	% of Total Net Assets
Tandberg ASA	Norway	2.3%
Logitech International-Reg	Switzerland	1.9%
Norske Skogindustrier ASA	Norway	1.8%
BELLUNA CO., LTD.	Japan	1.7%
Swedish Match AB	Sweden	1.7%
Synthes-Stratec, Inc.	Switzerland	1.6%
Anglo Irish Bank Corporation	Ireland	1.6%
Porsche AG	Germany	1.6%
Gallaher Group PLC	United Kingdom	1.6%
ResMed, Inc.	Australia	1.5%

Relative Performance



Total Return For Period Ended December 31, 2001

	Since Inception#
International Growth Portfolio	-9.40%
EAFE Index	-6.25%

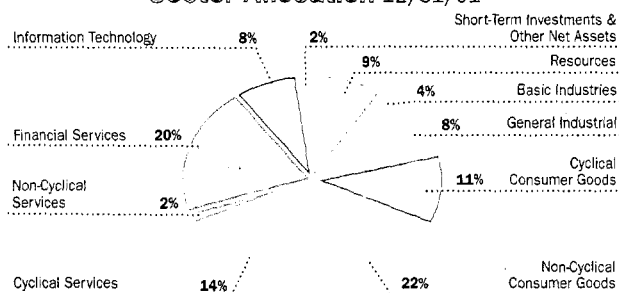
#Inception date of 7/31/01, returns not annualized

As depicted in the graph, the International Growth Portfolio is compared against the Morgan Stanley Capital International EAFE ("Europe-Australasia-Far East") Index. The index is composed of approximately 1,100 companies in 20 countries in Europe and the Pacific Basin. The objective of the index is to reflect the movements of stock markets in these countries by representing an unmanaged (indexed) portfolio within each country. The index is constructed so that companies chosen represent about 60% of market capitalization in each market; industry composition of the market is reflected; and a cross section of large, medium, and small capitalization stocks is included, taking into account liquidity concerns. The index is calculated in U. S. dollars. The Index cannot be invested in directly and does not include sales charges.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of the Portfolio's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards.

Sector Allocation 12/31/01



International Growth Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Foreign Common Stock (97.6%)	Country	Shares/ Par	Market Value (000's)
Aerospace & Defense (1.1%)			
Meggitt Ord	United Kingdom	109,600	\$ 306
Total			306
Automobiles & Parts (10.8%)			
Bayer Motoren Werke AG	Germany	11,500	405
Beru Ag Ludwigsburg	Germany	9,300	409
Bridgestone Corporation	Japan	30,000	317
Denway Investments	Hong Kong	1,144,900	356
Fuji Heavy Industries	Japan	56,000	240
Honda Motor Co.	Japan	9,000	359
Peugeot SA	France	8,500	361
Porsche AG	Germany	1,100	421
Total			2,868
Banks (9.0%)			
Anglo Irish Bank Corporation	Ireland	109,500	425
Banque Nationale de Paris	France	3,500	313
Danske Bank	Denmark	23,200	372
Lloyds TSB Group PLC	United Kingdom	34,000	369
OTP Bank	Hungary	3,800	228
Royal Bank of Canada	Canada	11,900	387
Royal Bank of Scotland Group	United Kingdom	13,000	316
Total			2,410
Beverages (1.4%)			
*Cott Corporation	Canada	23,900	380
Total			380
Construction & Building Materials (2.4%)			
Grupo Ferrovial	Spain	16,500	289
Vinci	France	6,250	367
Total			656
Diversified Industrials (1.3%)			
Suez Lyonnaise	France	11,900	360
Total			360
Electronics & Electrical Equipment (1.2%)			
Koninklijke Philips Electronics NV	Netherlands	11,000	327
Total			327
Engineering & Machinery (2.8%)			
*Neopost SA	France	8,400	245
*Nordex AG	Germany	43,800	265
Vestas Wind Systems	Denmark	9,300	254
Total			764

Foreign Common Stock (97.6%)	Country	Shares/ Par	Market Value (000's)
Food & Drug Retailers (1.3%)			
Koninklijke Ahold NV	Netherlands	4,400	\$ 128
Lawson, Inc.	Japan	8,200	235
Total			363
Food Producers & Processors (5.4%)			
Cadbury Schweppes PLC	United Kingdom	58,700	374
Nestle SA	Switzerland	1,890	403
Nutreco Holding NV	Netherlands	9,156	293
Unilever PLC	United Kingdom	47,500	390
Total			1,460
Forestry & Paper (3.0%)			
Norske Skogindustrier	Norway	25,600	481
Upm-kymmene OYJ	Finland	9,600	318
Total			799
General Retailers (4.6%)			
Belluna Co. Ltd.	Japan	13,200	449
Esprit Holdings, Ltd.	Hong Kong	350,500	396
Folli-Follie Abbe	Greece	20,800	366
KarstadtQuelle AG	Germany	500	20
Total			1,231
Health (3.2%)			
*Resmed	Australia	7,600	410
Synthes Stratec, Inc.	Switzerland	635	442
Total			852
Information Technology Hardware (5.6%)			
*Asml Holding NV	Netherlands	9,900	172
*Logitech International	Switzerland	13,600	498
Nokia OYJ	Finland	9,300	240
*Tandberg	Norway	27,100	604
Total			1,514
Insurance (4.2%)			
*Converium Holding AG	Switzerland	2,200	107
Corporacion Mapfre	Spain	57,000	330
ING Groep NV	Netherlands	12,300	314
Swiss Re	Switzerland	3,900	392
Total			1,143
Leisure, Entertainment & Hotels (2.7%)			
Nintendo Co., Ltd.	Japan	1,900	333
Rank Group PLC	United Kingdom	121,400	406
Total			739
Life Assurance (2.7%)			
Irish Life & Permanent	Ireland	34,700	355
Manulife Financial	Canada	13,900	362
Total			717

International Growth Portfolio

Foreign Common Stock (97.6%)	Country	Shares/ Par	Market Value (000's)
Oil & Gas (7.8%)			
ENI SPA	Italy	16,000	\$ 201
Ihc Caland NV	Netherlands	8,600	402
Saipem International	Italy	71,800	352
Technip SA	France	2,950	394
*Tgs Nopec			
Geophysical, Co.	Norway	24,000	333
Total Fina Elf SA	France	2,850	406
Total			2,088
Personal Care & Household Products (3.4%)			
Luxottica Group SPA,			
ADR	Italy	23,200	382
Reckitt Benckiser PLC	United Kingdom	27,500	400
Shiseido Company Limited	Japan	15,000	139
Total			921
Pharmaceuticals (6.8%)			
Csl Limited	Australia	15,300	403
*Elan Corporation PLC,			
ADR	Ireland	6,900	311
Glaxosmithkline	United Kingdom	13,900	349
Novo-nordisk AS	Denmark	8,800	360
Takeda Chemical			
Industries	Japan	5,000	226
*Taro Pharmaceutical			
Industries, Ltd.	Israel	4,200	168
Total			1,817
Software & Computer Services (1.4%)			
Sap AG	Germany	2,800	367
Total			367
Specialty & Other Finance (3.8%)			
Data Advantage Limited	Australia	111,228	355
Deutsche Boerse AG	Germany	8,600	341
Man Group PLC	United Kingdom	500	9
Van der Moolen Holding			
NV	Netherlands	11,000	316
Total			1,021
Support Services (4.5%)			
Aggreko PLC	United Kingdom	59,200	314
Sanix Incorporated	Japan	8,500	319
Serco Group PLC	United Kingdom	37,500	199
*Thiel Logistik AG	Germany	19,400	379
Total			1,211
Telecommunication Services (0.2%)			
*Koninklijke (Royal) KPN			
NV	Netherlands	11,000	56
Total			56

Foreign Common Stock (97.6%)	Country	Shares/ Par	Market Value (000's)
Tobacco (3.2%)			
Gallaher Group PLC	United Kingdom	61,200	\$ 419
Swedish Match AB	Sweden	83,800	443
Total Tobacco			862
Transport (2.6%)			
Brisa Auto Estrada	Portugal	91,200	386
Macquarie Infrastructure			
Australia Group	Australia	173,000	310
Total			696
Water (1.2%)			
Vivendi Environment	France	9,400	313
*Vivendi Environment —			
Warrants	France	9,400	4
Total			317
Total Foreign Common Stock (Cost: \$27,492)			26,245

Money Market Investments (1.5%)			
Machinery (1.5%)			
John Deere Capital Corp.,			
2.05%, 1/14/02	United States	\$ 400,000	400
Total Money Market Investments (Cost: \$400)			400
Total Investments (99.1%) (Cost \$27,892)^\			26,645
Other Assets, Less Liabilities (0.9%)			255
Total Net Assets (100.0%)			\$26,900

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$27,892 and the net unrealized depreciation of investments based on that cost was \$1,247 which is comprised of \$874 aggregate gross unrealized appreciation and \$2,121 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

Investment Percentage by Country:

United Kingdom	17.2%
France	10.3%
Japan	9.7%
Germany	8.3%
Netherlands	7.5%
Other	47.0%
Total	100.0%

The Accompanying Notes are an Integral Part of the Financial Statements

Franklin Templeton International Equity Portfolio

Objective:

Long-term appreciation of capital through diversification into markets outside the United States

Portfolio Strategy:

Participate in the growth of foreign economies by investing in securities with high long-term earnings potential relative to current market values.

Net Assets:

\$716.41 million

The Franklin Templeton International Equity Portfolio offers the opportunity to participate in the growth of companies in countries throughout the world, particularly those with expanding economies. In selecting investments, the principal focus is on identifying undervalued stocks of companies with strong finances and good long-term growth opportunities, rather than on choosing regions of the world in which to invest. The Portfolio is normally fully invested in equity securities.

The Portfolio's value-driven management style enabled it to significantly outperform its major benchmark, the EAFE index, during 2001. However, total return was negative, as the downward trend continued in world economies and equity markets trended generally down.

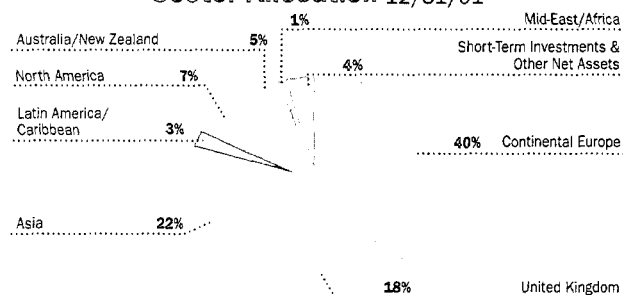
A majority of the Portfolio's holdings are in Europe, where the January 2002 introduction of the physical euro has been a positive influence. The common currency should provide impetus for further convergence of European economies, increasing transparency of transactions and simplifying cross-border mergers. The new physical euro encourages consumers to spend old currency they may have been hoarding and also makes price comparisons among countries easier. If these positives lead to strength in the euro, the Portfolio will benefit from its non-hedging strategy.

Asia remains underweighted, as economic malaise in Japan and elsewhere in the region prevails. Very modest Latin American holdings are in Brazil and Mexico, where Telefonos de Mexico experienced solid performance for the year. Telecommunications holdings in other countries delivered mixed results.

At present, there are no widespread trends in international markets; it is very much a stock picker's market, in which Templeton's strength in fundamental analysis is proving advantageous. The Portfolio's largest holding, Stora Enso, a Finnish paper company, registered a modest gain for the year. Other large holdings that performed well include Cheung Kong Holdings, a Hong Kong real estate developer, and Societe Bic, a French consumer products company famous for its disposable pens, lighters and razors. Some longtime holdings finally proved rewarding near the end of 2001; these include Marks & Spencer, a British retailer undergoing a successful restructuring, and Akzo Nobel, a Dutch chemical company identified several years ago as a quality stock selling at a bargain price. Some trading opportunities were created by the worldwide market weakness after September 11; performance benefited from positions taken in late September in Alcatel, a French networking company, and Nortel, a Canadian telecommunications company.

The International Equity Portfolio is managed for Northwestern Mutual by Templeton Investment Counsel, Inc.

Sector Allocation 12/31/01

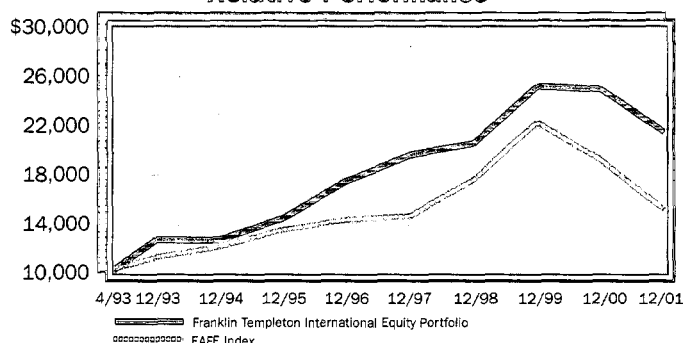


The Franklin Templeton International Equity Portfolio was formerly named the International Equity Portfolio. The name change took effect on May 4, 2001. The Portfolio's investment objective did not change.

Top 10 Equity Holdings 12/31/01

Company	Country	% of Net Assets
Stora Enso OYJ	Finland	2.2%
Cheung Kong Holdings Ltd	Hong Kong	2.0%
Societe Bic SA	France	2.0%
Akzo Nobel NV	Netherlands	2.0%
Marks & Spencer PLA	United Kingdom	2.0%
Australia & New Zealand Banking Group Ltd	Australia	2.0%
Koninklijke Philips Electronics NV	Netherlands	1.9%
Endesa SA	Spain	1.8%
Ing Groep NV	Netherlands	1.7%
Lloyds TSB Group PLC	United Kingdom	1.7%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2001

	1 Year	5 Years	Since Inception#
Franklin Templeton International Equity Portfolio	-14.00%	4.30%	9.12%
EAFE Index	-21.20%	1.18%	4.72%

#Inception date of 4/30/93

As depicted in the graph, the Franklin Templeton International Equity Portfolio is compared against the Morgan Stanley Capital International EAFE ("Europe-Australasia-Far East") Index. The index is composed of approximately 1,100 companies in 20 countries in Europe and the Pacific Basin. The objective of the index is to reflect the movements of stock markets in these countries by representing an unmanaged (indexed) portfolio within each country. The index is constructed so that companies chosen represent about 60% of market capitalization in each market; industry composition of the market is reflected; and a cross section of large, medium, and small capitalization stocks is included, taking into account liquidity concerns. The index is calculated in U. S. dollars. The Index cannot be invested in directly and does not include sales charges.

This chart assumes an initial investment of \$10,000 made on 4/30/93 (commencement of the Portfolio's operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards.

Franklin Templeton International Equity Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Common Stock (94.9%)	Country	Shares/ Par	Market Value (000's)
Automobiles & Components (1.5%)			
Valeo SA	France	265,460	\$ 10,589
Total			10,589
Banks (9.5%)			
Australia & New Zealand Banking Group, Ltd.			
	Australia	1,540,601	14,045
Banca Nazionale del Lavoro			
	Italy	4,040,250	8,184
*Dbs Group Holdings Limited			
	Singapore	1,421,000	10,620
HSBC Holdings PLC			
	Hong Kong	1,010,537	11,825
Lloyds TSB Group PLC			
	United Kingdom	1,140,110	12,378
Nordea AB			
	Sweden	1,628,500	8,686
Nordea AB (NDA)			
	Sweden	491,780	2,602
Total			68,340
Capital Goods (8.4%)			
Alstom	France	586,340	6,521
BAE SYSTEMS PLC	United Kingdom	2,627,200	11,833
Invensys PLC	United Kingdom	5,161,860	8,959
KCI Konecranes International			
	Finland	342,900	8,702
Kurita Water Industries, Ltd.			
	Japan	601,000	7,461
Rolls-Royce PLC			
	United Kingdom	3,330,800	8,071
Volvo AB — Class B			
	Sweden	497,580	8,349
Total			59,896
Commercial Services & Supplies (2.0%)			
Societe BIC SA	France	424,320	14,493
Total			14,493
Consumer Discretionary (0.8%)			
Autoliv, Inc.	Sweden	279,100	5,669
Total			5,669
Consumer Durables & Apparel (2.5%)			
Koninklijke Philips Electronics NV			
	Netherlands	460,805	13,696
SONY CORPORATION			
	Japan	86,800	3,967
Total			17,663

Common Stock (94.9%)	Country	Shares/ Par	Market Value (000's)
Diversified Financials (3.9%)			
ING Groep NV	Netherlands	486,000	\$ 12,393
The Nomura Securities Co., Ltd.			
	Japan	398,400	5,107
Swire Pacific Limited — Class A			
	Hong Kong	1,459,500	7,955
Swire Pacific Limited — Class B			
	Hong Kong	3,534,200	2,538
Total			27,993
Energy (7.0%)			
CNOOC Limited	China	450,600	8,697
ENI SPA	Italy	469,025	5,880
Husky Energy, Inc.	Canada	721,000	7,439
Repsol SA	Spain	732,000	10,676
Shell Transport & Trading Company PLC			
	United Kingdom	1,518,500	10,431
Total Fina Elf SA			
	France	50,922	7,273
Total			50,396
Financials (3.9%)			
ACE Limited	Bermuda	254,100	10,202
PartnerRe, Ltd.	Bermuda	114,570	6,187
XL Capital, Ltd. — Class A			
	Bermuda	124,000	11,329
Total			27,718
Food & Drug Retailing (1.6%)			
J. Sainsbury PLC	United Kingdom	2,203,680	11,738
Total			11,738
Food Beverage & Tobacco (1.3%)			
Unilever PLC	United Kingdom	1,129,200	9,269
Total			9,269
Health Care Equipment & Services (0.7%)			
Mayne Nickless, Ltd.	Australia	10	0
Nycomed Amersham PLC			
	United Kingdom	517,590	4,901
Total			4,901
Insurance (5.1%)			
Axa	France	474,362	9,913
Swiss Re	Switzerland	117,400	11,809
Yasuda Fire & Marine Insurance Company Limited			
	Japan	1,048,000	5,997
Zurich Financial Services AG			
	Switzerland	36,513	8,566
Total			36,285

Franklin Templeton International Equity Portfolio

Common Stock (94.9%)	Country	Shares/ Par	Market Value (000's)
Materials (10.4%)			
Akzo Nobel NV	Netherlands	323,810	\$ 14,458
AngloGold Limited, ADR	South Africa	238,800	4,313
Barrick Gold Corporation	Canada	201,580	3,214
BASF AG	Germany	290,520	10,826
Bayer AG	Germany	291,200	9,256
Broken Hill Proprietary, Ltd.	Australia	1,787,360	9,607
Hanson PLC	United Kingdom	1,063,494	7,337
Stora Enso OYJ — Class R	Finland	743,900	9,525
Stora Enso OYJ — R Shares	Finland	507,997	6,441
Total			<u>74,977</u>

Media (2.5%)			
United Business Media PLC	United Kingdom	1,630,610	11,391
Wolters Kluwer NV	Netherlands	280,940	6,404
Total			<u>17,795</u>

Pharmaceuticals & Biotechnology (2.6%)			
Aventis SA	France	142,160	10,094
Ono Pharmaceutical Co., Ltd.	Japan	282,000	8,478
Total			<u>18,572</u>

Real Estate (2.0%)			
Cheung Kong Holdings Limited	Hong Kong	1,408,000	14,626
Total			<u>14,626</u>

Retailing (2.0%)			
Marks & Spencer PLC	United Kingdom	2,746,310	14,429
Total			<u>14,429</u>

Technology Hardware & Equipment (4.3%)			
Alcatel	France	286,520	4,898
FUJITSU LIMITED	Japan	288,000	2,096
NEC Corporation	Japan	715,000	7,294
Nortel Networks Corp.	Canada	587,270	4,378
Samsung Electronics	South Korea	55,550	11,800
Total			<u>30,466</u>

Telecommunication Services (11.0%)			
BCE, Inc.	Canada	432,940	9,767
Cable & Wireless PLC	United Kingdom	1,760,630	8,469
Compania de Telecomunicaciones de Chile SA, ADR	Chile	273,725	3,684
Korea Telecom Corporation, ADR	Korea (South)	491,440	9,991

Common Stock (94.9%)	Country	Shares/ Par	Market Value (000's)
Telecommunication Services continued			
Nippon Telegraph & Telephone Corporation	Japan	2,371	\$ 7,725
Philippine Long Distance Telephone, ADR	Philippines	353,040	2,909
PT Indosat, ADR	Indonesia	386,900	3,424
Telecom Corporation of New Zealand Limited	New Zealand	5,183,300	10,792
*Telefonica SA, ADR	Spain	268,985	10,781
Telefonos de Mexico SA, ADR	Mexico	349,514	12,240
Total			<u>79,782</u>

Transportation (4.2%)			
British Airways PLC	United Kingdom	1,571,900	4,461
Deutsche Post AG	Germany	753,530	10,400
Hong Kong Aircraft & Engineering	Hong Kong	345,100	520
Nippon Express Co., Ltd.	Japan	2,373,000	8,057
*SAS AB	Sweden	979,060	6,347
Total			<u>29,785</u>

Utilities (7.7%)			
E.ON AG	Germany	194,210	10,099
Endesa SA	Spain	824,850	12,903
EVN AG	Austria	64,500	2,629
Hong Kong Electric Holdings Limited	Hong Kong	2,320,000	8,628
Iberdrola SA	Spain	514,980	6,704
Innogy Holdings PLC	United Kingdom	1,246,864	3,484
International Power PLC	United Kingdom	1,246,864	3,675
Korea Electric Power Corp.	South Korea	410,200	6,777
Total			<u>54,899</u>

Total Common Stock
(Cost: \$733,781) 680,281

Preferred Stock (1.0%)

Energy (1.0%)			
Petroleo Brasileiro SA	Brazil	325,000	7,195
Total Preferred Stock (Cost: \$6,804)			<u>7,195</u>

Money Market Investments (4.0%)

Finance Services (0.5%)			
JP Morgan Chase & Co., 1.86%, 2/7/02	United States	\$ 3,800,000	3,793
Total			<u>3,793</u>

Franklin Templeton International Equity Portfolio

Money Market Investments (4.0%)	Country	Shares/ Par	Market Value (000's)
Pharmaceutical Preparations (3.5%)			
American Home			
Products,			
1.85%, 1/2/02	United States	\$21,100,000	\$ 21,099
American Home			
Products,			
2.03%, 1/23/02	United States	3,500,000	3,495
Total			<u>24,594</u>
Total Money Market Investments			
(Cost: \$28,387)			<u>28,387</u>
Total Investments (99.9%)			
(Cost \$768,972)^\			<u>715,863</u>
Other Assets, Less Liabilities (0.1%)			<u>550</u>
Total Net Assets (100.0%)			<u>\$716,413</u>

^\ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$768,954 and the net unrealized depreciation of investments based on that cost was \$53,091 which is comprised of \$72,101 aggregate gross unrealized appreciation and \$125,192 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

Investment Percentage by Country:

United Kingdom	18.8%
France	8.9%
Japan	7.8%
Netherlands	6.6%
Hong Kong	6.4%
Other	<u>51.5%</u>
Total	<u>100.0%</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Index 400 Stock Portfolio

Objective:

Long-term capital appreciation through cost-effective participation in broad market performance

Portfolio Strategy:

Invest in a portfolio designed to approximate the composition and returns of the S&P MidCap 400.

Net Assets:

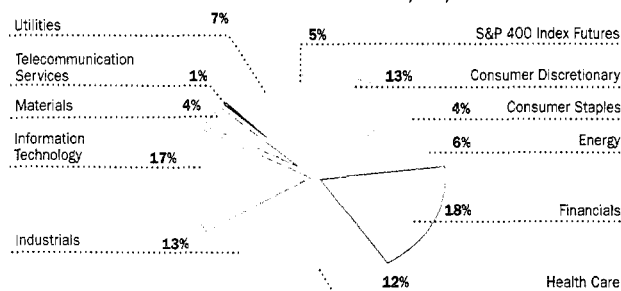
\$210.73 million

The Index 400 Stock Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's MidCap 400 Composite Stock Price Index. This index is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market. Of the 400 stocks, 275 are listed on the New York Stock Exchange, 122 on NASDAQ, and 3 on the American Stock Exchange.

As of December 31, 2001, the 400 companies in the composite had a median market capitalization of \$1.7 billion and total market value of \$830.1 billion. For comparison, the 500 large stocks in the S&P 500 Index had a median market capitalization of \$8.4 billion and total market value of \$10,463 billion.

The Index 400 Portfolio enables policyowners to participate in the performance of mid-sized companies in the U.S. equity market. The Portfolio continues to achieve its objective of matching the results of the S&P 400 MidCap Index before expenses.

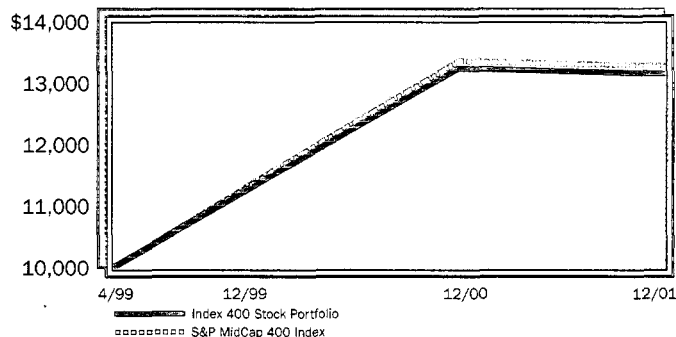
Sector Allocation 12/31/01



Top 10 Equity Holdings 12/31/01

Company	% of Total Net Assets
IDEC Pharmaceuticals Corporation	1.2%
Electronic Arts, Inc.	0.9%
SunGard Data Systems, Inc.	0.9%
M&T Bank Corporation	0.8%
Quest Diagnostics Incorporated	0.8%
Marshall & Ilsley Corporation	0.7%
Gilead Sciences, Inc.	0.7%
Affiliated Computer Services, Inc. — Class A	0.7%
DST Systems, Inc.	0.7%
R.J. Reynolds Tobacco Holdings, Inc.	0.6%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2001

	1 Year	Since Inception#
Index 400 Stock Portfolio	-0.65%	10.76%
S&P MidCap 400 Index	-0.60%	11.16%

#Inception date of 4/30/99

The S&P MidCap 400 Index is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market. As of December 31, 2001, the 400 companies in the composite had median market capitalization of \$1.7 billion and a total market value of \$830.1 billion. The MidCap 400 represents approximately 5.7% of the market value of Compustat's database of over 10,000 equities.

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This chart assumes an initial investment of \$10,000 made on 4/30/99 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Index 400 Stock Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2001

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (12.5%)		
*Abercrombie & Fitch Co. — Class A	23,600	\$ 626
*American Eagle Outfitters, Inc.	16,550	433
ArvinMeritor, Inc.	15,650	307
Bandag, Inc.	4,900	170
*Barnes & Noble, Inc.	15,500	459
Belo Corp. — Class A	26,100	489
*BJ's Wholesale Club, Inc.	17,300	763
Blyth, Inc.	11,200	260
Bob Evans Farms, Inc.	8,300	204
*Borders Group, Inc.	19,000	377
BorgWarner, Inc.	6,300	329
*Brinker International, Inc.	23,750	707
Callaway Golf Company	18,300	350
*Catalina Marketing Corporation	13,200	458
CBRL Group, Inc.	13,200	389
*CDW Computer Centers, Inc.	20,900	1,124
Claire's Stores, Inc.	11,600	175
Clayton Homes, Inc.	32,800	561
*Coach, Inc.	10,400	405
*Dollar Tree Stores, Inc.	26,700	825
*Emmis Communications Corporation — Class A	11,300	267
*Entercom Communications Corp. — Class A	10,800	540
*Extended Stay America, Inc.	22,100	362
Federal Signal Corporation	10,800	241
*Furniture Brands International, Inc.	12,000	384
*Gentex Corporation	17,800	476
*GTECH Holdings Corporation	7,100	322
Harte-Hanks, Inc.	15,100	425
*Hispanic Broadcasting Corporation — Class A	26,000	663
International Speedway Corporation — Class A	12,700	497
Lancaster Colony Corporation	8,900	316
*Lands' End, Inc.	7,000	351
*Lear Corporation	15,200	580
Lee Enterprises Incorporated	10,400	378
Lennar Corporation	15,100	707
*Macrovision Corporation	11,900	419
*Mandalay Resort Group	18,000	385
Media General, Inc. — Class A	5,500	274
Modine Manufacturing Company	7,900	184
*Mohawk Industries, Inc.	12,500	686
*The Neiman Marcus Group, Inc. — Class A	11,400	354
*Outback Steakhouse, Inc.	18,100	620
*Papa John's International, Inc.	5,300	146
*Park Place Entertainment Corporation	70,600	647
*Payless ShoeSource, Inc.	5,314	298
PepsiAmericas, Inc.	37,200	513
The Reader's Digest Association, Inc. — Class A	24,400	563

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Consumer Discretionary continued		
Ross Stores, Inc.	19,200	\$ 616
*Saks Incorporated	33,800	316
*Scholastic Corporation	8,400	423
*Six Flags, Inc.	21,900	337
Superior Industries International, Inc.	6,200	250
*The Timberland Company — Class A	9,400	349
*Unifi, Inc.	11,500	83
*United Rentals, Inc.	16,700	379
The Washington Post Company — Class B	2,300	1,220
*Westwood One, Inc.	25,700	772
*Williams-Sonoma, Inc.	13,500	579
Total		26,333
Consumer Staples (3.9%)		
Church & Dwight Co., Inc.	9,200	245
*Dean Foods Co.	9,588	654
The Dial Corporation	22,600	388
Dole Food Company, Inc.	13,300	357
Dreyer's Grand Ice Cream, Inc.	6,800	262
Hormel Foods Corporation	33,000	887
Interstate Bakeries Corporation	12,000	290
The J.M. Smucker Company	5,800	205
Longs Drug Stores Corporation	9,000	210
McCormick & Company Incorporated	16,400	688
R.J. Reynolds Tobacco Holdings, Inc.	24,100	1,357
Ruddick Corporation	11,000	176
Sensient Technologies Corporation	11,400	237
*Smithfield Foods, Inc.	26,800	591
Tootsie Roll Industries, Inc.	12,000	469
Tyson Foods, Inc. — Class A	82,640	954
Universal Corporation	6,500	237
Total		8,207
Energy (6.2%)		
* BJ Services Company	39,200	1,271
* Cooper Cameron Corporation	12,900	521
ENSICO International Incorporated	33,100	823
Equitable Resources, Inc.	15,500	528
*FMC Technologies, Inc.	14,900	245
*Forest Oil Corporation	11,400	322
*Grant Prideco, Inc.	26,000	299
*Hanover Compressor Company	15,000	379
Helmerich & Payne, Inc.	12,100	404
Murphy Oil Corporation	10,700	899
*National-Oilwell, Inc.	19,300	398
Noble Affiliates, Inc.	13,500	476
Ocean Energy, Inc.	40,600	780
*Patterson-UTI Energy, Inc.	18,200	424
Pennzoil-Quaker States Company	18,800	272
*Pioneer Natural Resources Company	23,400	451
*Pride International, Inc.	31,500	476

Index 400 Stock Portfolio

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Energy continued		
*Smith International, Inc.	12,000	\$ 643
Tidewater, Inc.	14,400	488
Ultramar Diamond Shamrock Corporation	15,500	767
Valero Energy Corporation	14,600	557
*Varco International, Inc.	22,762	341
*Weatherford International, Inc.	27,100	1,009
Western Gas Resources, Inc.	7,700	249
Total		13,022
Financials (18.3%)		
A.G. Edwards, Inc.	19,100	844
Allmerica Financial Corporation	12,600	561
American Financial Group, Inc.	16,200	398
*AmeriCredit Corp.	19,700	622
Arthur J. Gallagher & Co.	19,200	662
Associated Banc-Corp.	15,790	557
Astoria Financial Corporation	23,300	617
Banknorth Group, Inc.	36,500	822
City National Corporation	11,400	534
The Colonial BancGroup, Inc.	26,400	372
Compass Bancshares, Inc.	30,500	863
Dime Bancorp, Inc.	24,700	891
*E*TRADE Group, Inc.	88,200	904
Eaton Vance Corp.	16,500	587
Everest Re Group, Ltd.	11,000	778
Fidelity National Financial, Inc.	20,500	508
First Tennessee National Corporation	30,600	1,110
First Virginia Banks, Inc.	11,000	558
FirstMerit Corporation	20,400	553
Golden State Bancorp, Inc.	32,200	842
Greater Bay Bancorp	11,800	337
GreenPoint Financial Corp.	24,100	862
HCC Insurance Holdings, Inc.	14,000	386
Hibernia Corporation — Class A	37,700	671
Horace Mann Educators Corporation	9,700	206
Hospitality Properties Trust	13,500	398
Independence Community Bank Corp.	14,100	321
*IndyMac Bancorp, Inc.	14,500	339
Investors Financial Services Corp.	7,600	503
*LaBranche & Co., Inc.	13,700	472
Legg Mason, Inc.	15,500	775
Leucadia National Corporation	13,200	381
M&T Bank Corporation	23,100	1,682
Marshall & Ilsley Corporation	24,500	1,549
Mercantile Bankshares Corporation	17,000	732
Metris Companies, Inc.	15,300	393
The MONY Group, Inc.	11,800	408
National Commerce Financial Corporation	48,925	1,238
Neuberger Berman, Inc.	17,500	768
New Plan Excel Realty Trust	20,800	396
New York Community Bancorp, Inc.	25,100	574
North Fork Bancorporation, Inc.	38,500	1,232
Ohio Casualty Corporation	14,300	230

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Financials continued		
Old Republic International Corporation	28,200	\$ 790
Pacific Century Financial Corporation	19,000	492
The PMI Group, Inc.	10,550	707
Protective Life Corporation	16,300	472
Provident Financial Group, Inc.	11,600	305
Radian Group, Inc.	22,100	949
Roslyn Bancorp, Inc.	21,900	383
SEI Investments Company	25,900	1,168
*Silicon Valley Bancshares	11,800	315
Sovereign Bancorp, Inc.	58,800	720
StanCorp Financial Group, Inc.	7,300	345
TCF Financial Corporation	18,700	897
Unitrin, Inc.	16,100	636
Waddell & Reed Financial, Inc. — Class A	19,000	612
Webster Financial Corporation	11,700	369
Westamerica Bancorporation	8,500	336
Wilmington Trust Corporation	7,700	487
Total		38,419
Health Care (12.1%)		
*Apogent Technologies, Inc.	25,200	650
*Apria Healthcare Group, Inc.	12,800	320
*Barr Laboratories, Inc.	10,100	802
Beckman Coulter, Inc.	14,400	638
*COR Therapeutics, Inc.	13,200	316
*Covance, Inc.	13,800	313
*Cytoc Corporation	27,500	718
DENTSPLY International, Inc.	12,300	617
*Edwards Lifesciences Corporation	14,000	387
*Express Scripts, Inc. — Class A	18,600	870
*First Health Group Corp.	23,300	576
*Gilead Sciences, Inc.	22,600	1,485
*Health Net, Inc.	29,300	638
*Henry Schein, Inc.	10,100	374
Hillenbrand Industries, Inc.	14,900	824
ICN Pharmaceuticals, Inc.	19,300	647
*IDEC Pharmaceuticals Corporation	35,500	2,446
*Incyte Genomics, Inc.	15,700	307
*IVAX Corporation	47,525	957
*LifePoint Hospitals, Inc.	9,200	313
*Lincare Holdings, Inc.	25,500	731
*Millennium Pharmaceuticals, Inc.	51,800	1,270
Mylan Laboratories, Inc.	29,800	1,118
Omnicare, Inc.	22,200	552
*Oxford Health Plans, Inc.	23,500	708
*PacifiCare Health Systems, Inc.	8,000	128
*Patterson Dental Company	16,100	659
*Perrigo Company	17,500	207
*Protein Design Labs, Inc.	20,800	685
*Quest Diagnostics Incorporated	22,400	1,606
*Sepracor, Inc.	18,500	1,056
*STERIS Corporation	16,300	298
*Triad Hospitals, Inc.	16,839	494

Index 400 Stock Portfolio

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Health Care continued		
*Trigon Healthcare, Inc. — Class A	8,700	\$ 604
*Universal Health Services, Inc. — Class B	14,300	612
*Vertex Pharmaceuticals Incorporated	17,700	435
*VISX Incorporated	13,500	179
Total		25,540
Industrials (12.9%)		
AGCO Corporation	17,000	268
Airborne, Inc.	11,500	171
*Alaska Air Group, Inc.	6,300	183
*Albany International Corp. — Class A	7,326	159
Alexander & Baldwin, Inc.	9,600	256
*American Standard Companies, Inc.	17,000	1,160
AMETEK, Inc.	7,900	252
*Apollo Group, Inc. — Class A	27,750	1,249
*Atlas Air Worldwide Holdings, Inc.	9,100	133
Banta Corporation	5,900	174
*The BISYS Group, Inc.	13,800	883
C.H. Robinson Worldwide, Inc.	20,200	584
Carlisle Companies Incorporated	7,200	266
Ceridian Corporation	34,700	651
*Certegey, Inc.	17,100	585
*CheckFree Corporation	18,300	329
*ChoicePoint, Inc.	14,800	750
CNF, Inc.	11,600	389
*CSG Systems International, Inc.	12,600	510
*DeVry, Inc.	16,600	472
Donaldson Company, Inc.	10,600	412
*DST Systems, Inc.	29,200	1,457
*The Dun & Bradstreet Corporation	19,100	674
*Dycom Industries, Inc.	10,100	169
*Education Management Corporation	8,100	294
*EGL, Inc.	11,300	158
*Energizer Holdings, Inc.	21,800	415
Expeditors International of Washington, Inc.	12,400	706
Fastenal Company	9,000	598
Flowserve Corporation	10,600	282
GATX Corporation	11,500	374
Granite Construction Incorporated	9,800	236
Harsco Corporation	9,500	326
Herman Miller, Inc.	18,100	428
HON INDUSTRIES, Inc.	14,100	390
Hubbell Incorporated — Class B	13,900	408
*J.B. Hunt Transport Services, Inc.	8,400	195
*Jacobs Engineering Group, Inc.	6,400	422
Kaydon Corporation	7,100	161
Kelly Services, Inc. — Class A	8,500	186
Kennametal, Inc.	7,300	294
*Korn/Ferry International	8,000	85
*L-3 Communications Holdings, Inc.	9,200	828
Manpower, Inc.	18,100	610
*Modis Professional Services, Inc.	23,300	166
*NCO Group, Inc.	6,100	140
Nordson Corporation	7,800	206

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Industrials continued		
Overseas Shipholding Group, Inc.	8,100	\$ 182
Pentair, Inc.	11,700	427
Pittston Brink's Group	12,300	272
Precision Castparts Corp.	12,200	345
*Quanta Services, Inc.	14,200	219
*Republic Services, Inc.	40,300	805
Rollins, Inc.	7,200	144
*Sequa Corporation — Class A	2,500	119
Sotheby's Holdings, Inc. — Class A	14,600	243
*SPX Corporation	9,500	1,302
Stewart & Stevenson Services, Inc.	6,700	126
*Swift Transportation Co., Inc.	19,900	428
*Sylvan Learning Systems, Inc.	9,019	199
Tecumseh Products Company — Class A	4,400	223
Teleflex Incorporated	9,200	435
Trinity Industries, Inc.	10,500	285
*Valassis Communications, Inc.	12,700	452
Viad Corp.	21,000	497
Wallace Computer Services, Inc.	9,800	186
York International Corporation	9,100	347
Total		27,280
Information Technology (17.4%)		
*3Com Corporation	80,600	514
*Acxiom Corporation	21,300	372
*ADTRAN, Inc.	9,400	240
Advanced Fibre Communications, Inc.	19,300	341
*Advent Software, Inc.	8,000	400
*Affiliated Computer Services, Inc. — Class A	13,900	1,474
*Arrow Electronics, Inc.	23,500	703
*Ascential Software Corporation	68,700	278
*Atmel Corporation	110,500	875
Avnet, Inc.	28,000	713
*Avocent Corporation	10,500	255
*Cabot Microelectronics Corporation	5,692	451
*Cadence Design Systems, Inc.	59,200	1,297
*Cirrus Logic, Inc.	18,900	250
*CommScope, Inc.	12,200	259
*Credence Systems Corporation	14,200	264
*Cypress Semiconductor Corporation	30,300	604
Diebold Incorporated	17,100	692
*DSP Group, Inc.	6,300	147
*Electronic Arts, Inc.	31,700	1,899
*Enterasys Networks, Inc.	45,000	398
*Fairchild Semiconductor International, Inc. — Class A	22,700	640
*FEI Company	7,600	239
*Gartner Group, Inc. — Class B	20,700	232
Harris Corporation	15,700	479
*Imation Corp.	8,400	181
*InFocus Corporation	9,200	203
*Integrated Device Technology, Inc.	25,500	678
*International Rectifier Corporation	14,900	520
*Internet Security Systems, Inc.	11,400	365

Index 400 Stock Portfolio

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Information Technology continued		
*Investment Technology Group, Inc.	11,300	\$ 441
Jack Henry & Associates, Inc.	21,100	461
*Keane, Inc.	17,900	323
*KEMET Corporation	20,900	371
*Lam Research Corporation	29,400	683
*Lattice Semiconductor Corporation	25,800	531
*Legato Systems, Inc.	21,200	275
*LTX Corporation	11,500	241
*Macromedia, Inc.	14,000	249
*McDATA Corporation — Class A	26,800	657
*Mentor Graphics Corporation	15,200	358
*Micrel Incorporated	21,900	574
*Microchip Technology Incorporated	31,275	1,212
*MIPS Technologies, Inc. — Class B	8,400	67
National Instruments Corporation	12,100	453
*Network Associates, Inc.	32,600	843
Newport Corporation	8,700	168
*Plantronics, Inc.	11,500	295
*Plexus Corp.	9,900	263
*Polycom, Inc.	21,300	733
*Powerwave Technologies, Inc.	15,200	263
*Quantum Corporation — DLT & Storage Systems	36,000	355
*Rational Software Corporation	48,400	944
*Retek, Inc.	11,600	346
The Reynolds and Reynolds Company — Class A	17,500	424
*RF Micro Devices, Inc.	38,800	746
*RSA Security, Inc.	13,600	237
*SanDisk Corporation	16,200	233
*Semtech Corporation	16,500	589
*Storage Technology Corporation	24,800	513
*SunGard Data Systems, Inc.	64,000	1,851
*Sybase, Inc.	24,300	383
*Sykes Enterprises Incorporated	8,600	80
*Symantec Corporation	18,000	1,194
*Synopsys, Inc.	14,500	857
*Tech Data Corporation	12,800	554
*The Titan Corporation	15,500	387
*Transaction Systems Architects, Inc. — Class A	8,400	103
*TranSwitch Corporation	18,300	82
*TriQuint Semiconductor, Inc.	30,711	377
*Vishay Intertechnology, Inc.	37,887	739
*Wind River Systems, Inc.	18,700	335
Total		36,753
Materials (4.4%)		
A. Schulman, Inc.	6,300	86
*Airgas, Inc.	16,100	243
AK Steel Holding Corporation	25,700	292
Albemarle Corporation	10,900	262
Arch Coal, Inc.	12,400	281
Bowater Incorporated	13,200	631
Cabot Corporation	15,600	558
Carpenter Technology Corporation	5,300	141

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Materials continued		
Crompton Corporation	26,963	\$ 243
*Cytec Industries, Inc.	9,600	259
Ferro Corporation	8,200	212
*FMC Corporation	7,600	452
H.B. Fuller Company	6,700	193
IMC Global, Inc.	27,300	355
Longview Fibre Company	12,200	144
The Lubrizol Corporation	12,200	428
Lyondell Chemical Company	28,000	401
Martin Marietta Materials, Inc.	11,300	527
Minerals Technologies, Inc.	4,700	219
Olin Corporation	10,300	166
P.H. Glatfelter Company	10,100	157
*Packaging Corporation of America	25,400	461
Potlatch Corporation	6,700	196
Rayonier, Inc.	6,500	328
RPM, Inc.	24,300	351
Solutia, Inc.	24,700	346
Sonoco Products Company	22,700	604
*UCAR International, Inc.	13,000	139
The Valspar Corporation	11,600	459
Wausau-Mosinee Paper Corporation	12,300	149
Total		9,283
Telecommunication Services (0.9%)		
*Broadwing, Inc.	51,900	493
*Price Communications Corporation	13,100	250
Telephone and Data Systems, Inc.	14,000	1,257
Total		2,000
Utilities (6.7%)		
AGL Resources, Inc.	13,000	299
ALLETE, Inc.	19,600	494
Alliant Energy Corporation	20,900	635
American Water Works Company, Inc.	23,600	986
Black Hills Corporation	6,200	210
Cleco Corporation	10,700	235
Connectiv	21,100	517
*Covanta Energy Corporation	11,900	54
DPL, Inc.	30,200	727
DQE, Inc.	13,300	252
Energy East Corporation	27,700	526
Great Plains Energy Incorporated	14,700	370
Hawaiian Electric Industries, Inc.	7,700	310
IDACORP, Inc.	8,900	361
MDU Resources Group, Inc.	16,200	456
The Montana Power Company	24,700	142
National Fuel Gas Company	18,800	464
Northeast Utilities	34,100	601
NSTAR	12,600	565
OGE Energy Corp.	18,600	429
ONEOK, Inc.	14,200	253
Potomac Electric Power Company	25,900	585
Public Service Company of New Mexico	9,300	260
Puget Energy, Inc.	20,500	449

Index 400 Stock Portfolio

Common Stock (95.3%)	Shares/ Par	Market Value (000's)
Utilities continued		
Qwestar Corporation	19,300	\$ 483
SCANA Corporation	24,900	693
Sierra Pacific Resources	23,581	355
UtiliCorp United, Inc.	27,100	682
Vectren Corporation	16,100	386
Western Resources, Inc.	16,800	289
WGL Holdings, Inc.	11,100	323
Wisconsin Energy Corporation	28,100	634
Total		<u>14,025</u>
Total Common Stock (Cost: \$195,157)		<u>200,862</u>
Money Market Investments (4.6%)		
Federal Government Agencies (1.4%)		
#Federal National Mortgage Association, 1.73%, 2/15/02	\$3,000,000	2,994
Total		<u>2,994</u>
Miscellaneous Business Credit Institutions (2.8%)		
#National Rural Utilities, 1.75%, 1/28/02	5,800,000	5,792
Total		<u>5,792</u>
Pharmaceutical Preparations (0.4%)		
#American Home Products, 1.85%, 1/2/02	900,000	900
Total		<u>900</u>
Total Money Market Investments (Cost \$9,686)		<u>9,686</u>
Total Investments (99.9%) (Cost \$204,843)/^		<u>210,548</u>
Other Assets, Less Liabilities (0.1%)		<u>186</u>
Total Net Assets (100.0%)		<u>\$210,734</u>

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$204,870 and the net unrealized appreciation of investments based on that cost was \$5,678 which is comprised of \$25,283 aggregate gross unrealized appreciation and \$19,605 aggregate gross unrealized depreciation.

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
Midcap 400 Index Futures	37	3/02	\$200
(Total Notional Value at 12/31/01 \$9,219)			

The Accompanying Notes are an Integral Part of the Financial Statements

Growth Stock Portfolio

Objective:

Long-term appreciation of capital with moderate risk

Portfolio Strategy:

Hold a diversified mix of high quality growth stocks of medium and large companies with above-average potential for earnings growth.

Net Assets:

\$696.58 million

The Growth Stock Portfolio is invested in high quality companies of large to medium capitalization with strong financial characteristics and the ability to generate internal growth. A key factor in stock selection is the choice of industries with good earnings potential, based on analysis of economic trends to determine their impact on various sectors of the economy. Stock selection is made through "top down" analysis: first industry and market sector choices are made based on the economic environment, and then the most promising companies within each sector are selected as holdings. A strategy of this portfolio is to go beyond the most familiar "blue chip" names to seek out medium-sized companies with strong positions in their markets whose stock prices do not reflect their potential for growth. Diversification across 70 to 90 stocks in a wide range of industry groups reduces the Portfolio's risk profile.

Like essentially all equity funds, the Growth Stock Portfolio had a negative total return for 2001, but annualized return of 11.0% for the last five years was above that of the S&P 500 Index. Relative to the Index, the Portfolio is most overweighted in the Consumer Discretionary sector, where the emphasis is on growth-oriented retailers that are expanding nationally. These include Kohl's, Wal-Mart and Walgreen, which have been among the best performing retail stocks. Harley-Davidson, which has a dominant share in its unique market, has also contributed to overall performance.

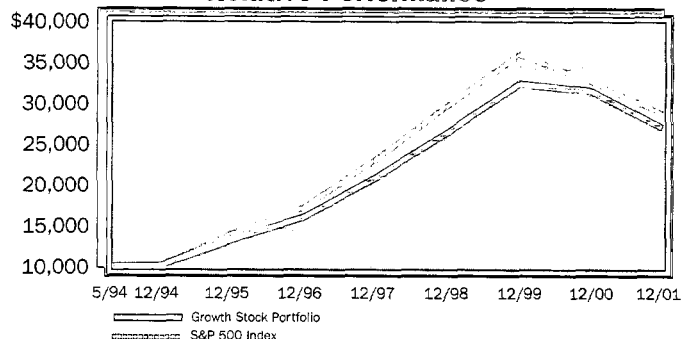
The Portfolio remains underweighted in the technology sector. However, the two largest holdings within this volatile sector, Microsoft and Electronic Data Systems, have performed better during 2001 than the Index. General Electric, the Portfolio's second largest position, is actually underweighted relative to the Index; this stock has been hurt in recent months by its exposure to insurance and aerospace. Among other large holdings, PepsiCo, Fiserv and Pfizer have performed relatively well, largely because of their defensive nature.

The Portfolio continues to focus on quality and good earnings consistency, while gradually increasing positions in industry groups likely to benefit from an improving economy. Recent additions have been made to holdings in the strongest technology companies and to more market-sensitive stocks in the financial sector, including Charles Schwab and Marsh & McLennan.

Top 10 Equity Holdings 12/31/01

Company	% of Total Net Assets
Microsoft Corporation	3.2%
General Electric Company	3.0%
Kohl's Corporation	2.5%
Fiserv, Inc.	2.4%
PepsiCo, Inc.	2.4%
Electronic Data Systems Corporation	2.1%
Harley-Davidson, Inc.	2.1%
Citigroup, Inc.	2.0%
Pfizer, Inc.	2.0%
Wal-Mart Stores, Inc.	2.0%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2001

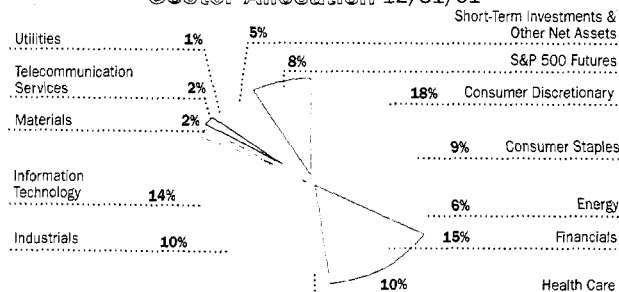
	1 Year	5 Years	Since Inception#
Growth Stock Portfolio	-14.22%	11.01%	13.88%
S&P 500 Index	-11.83%	10.71%	14.89%

#Inception date of 5/03/94

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Sector Allocation 12/31/01



Growth Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Common Stock (87.3%)	Shares/ Par	Market Value (000's)	Common Stock (87.3%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (18.1%)			Financials continued		
*AOL Time Warner, Inc.	260,300	\$ 8,356	The PNC Financial Services Group, Inc.	107,700	\$ 6,053
*Barnes & Noble, Inc.	100,000	2,960	*Principal Financial Group, Inc.	255,000	6,120
Fortune Brands, Inc.	123,400	4,885	*Prudential Financial, Inc.	19,700	654
Harley-Davidson, Inc.	270,100	14,669	Wells Fargo & Company	112,300	4,879
The Home Depot, Inc.	161,450	8,236	Total		106,398
*Kohl's Corporation	249,900	17,602			
Marriott International, Inc. — Class A	57,800	2,350	Health Care (10.2%)		
The McGraw-Hill Companies, Inc.	181,700	11,080	*Amgen, Inc.	118,000	6,660
The New York Times Company — Class A	164,900	7,132	Bristol-Myers Squibb Company	97,700	4,983
Newell Rubbermaid, Inc.	261,000	7,196	CIGNA Corporation	71,900	6,662
Omnicom Group, Inc.	36,600	3,270	Eli Lilly and Company	75,900	5,961
Target Corporation	243,400	9,992	Johnson & Johnson	149,600	8,841
Tribune Company	207,800	7,778	Medtronic, Inc.	236,400	12,106
*Viacom, Inc. — Class B	96,000	4,238	Merck & Co., Inc.	128,800	7,573
Wal-Mart Stores, Inc.	239,100	13,760	Pfizer, Inc.	350,050	13,949
Wendy's International, Inc.	100,000	2,917	Schering-Plough Corporation	127,500	4,566
Total		126,421	Total		71,301
Consumer Staples (9.2%)			Industrials (9.6%)		
Anheuser-Busch Companies, Inc.	178,200	8,056	*American Standard Companies, Inc.	63,900	4,360
The Estee Lauder Companies, Inc. — Class A	200,100	6,415	Avery Dennison Corporation	119,000	6,727
General Mills, Inc.	157,800	8,207	*FedEx Corporation	133,300	6,916
Kimberly-Clark Corporation	130,100	7,780	*Fiserv, Inc.	399,862	16,922
Kraft Foods, Inc. — Class A	158,100	5,380	General Electric Company	524,000	21,002
PepsiCo, Inc.	335,600	16,341	Honeywell International, Inc.	41,900	1,417
Walgreen Co.	358,200	12,057	Tyco International, Ltd.	156,500	9,218
Total		64,236	Total		66,562
Energy (5.2%)			Information Technology (14.0%)		
ChevronTexaco Corporation	79,200	7,097	*Amdocs Limited	183,700	6,240
Conoco, Inc.	331,200	9,373	*Atmel Corporation	438,700	3,475
EOG Resources, Inc.	191,500	7,490	*Cisco Systems, Inc.	303,300	5,493
Exxon Mobil Corporation	315,734	12,408	*Electronic Arts, Inc.	51,300	3,075
Total		36,368	Electronic Data Systems Corporation	214,100	14,677
			Intel Corporation	370,600	11,655
Financials (15.3%)			International Business Machines Corporation	95,200	11,515
American International Group, Inc.	133,200	10,576	*Microsoft Corporation	331,200	21,949
The Bank of New York Company, Inc.	173,700	7,087	*NASDAQ — 100 Trust, Series 1	173,000	6,764
The Charles Schwab Corporation	195,000	3,017	Nokia Corp., ADR	150,800	3,699
Citigroup, Inc.	280,133	14,140	Semiconductor HOLDERS (SM) Trust	102,000	4,269
Fifth Third Bancorp	182,650	11,248	Texas Instruments Incorporated	176,500	4,942
Freddie Mac	96,000	6,278	Total		97,753
Household International, Inc.	171,000	9,908			
Lehman Brothers Holdings, Inc.	119,000	7,949	Materials (2.4%)		
Marsh & McLennan Companies, Inc.	55,000	5,910	Air Products and Chemicals, Inc.	137,200	6,436
Morgan Stanley Dean Witter & Co.	74,900	4,190	Ecolab, Inc.	180,300	7,257
Northern Trust Corporation	139,300	8,389	PPG Industries, Inc.	60,000	3,103
			Total		16,796

Growth Stock Portfolio

Common Stock (87.3%)	Shares/ Par	Market Value (000's)
Telecommunication Services (2.0%)		
AT&T Corp.	193,700	\$ 3,514
*AT&T Wireless Services, Inc.	99,932	1,436
*Nextel Communications, Inc. —		
Class A	66,900	733
SBC Communications, Inc.	70,139	2,747
Verizon Communications, Inc.	109,972	5,220
Total		<u>13,650</u>
Utilities (1.3%)		
El Paso Corporation	111,000	4,952
*Mirant Corporation	247,000	3,957
Total		<u>8,909</u>
Total Common Stock (Cost: \$520,198)		<u>608,394</u>

Money Market Investments (14.0%)

Federal Government & Agencies (0.6%)		
#Federal National Mortgage Association, 1.73%, 2/15/02	\$ 4,000,000	3,991
Total		<u>3,991</u>
Finance Lessors (5.7%)		
#Philip Morris Capital Corp., 1.82%, 1/25/02	20,000,000	19,976
#Preferred Receivable Funding, 2.04%, 1/9/02	20,000,000	19,991
Total		<u>39,967</u>
Finance Services (2.9%)		
#JP Morgan Chase & Co., 1.86%, 2/7/02	20,000,000	19,962
Total		<u>19,962</u>
Pharmaceutical Preparations (1.9%)		
American Home Products, 1.85%, 1/2/02	13,500,000	13,499
Total		<u>13,499</u>

Money Market Investments (14.0%)	Shares/ Par	Market Value (000's)
Short Term Business Credit (2.9%)		
Asset Securitization, 1.95%, 1/18/02	\$20,000,000	19,982
Total		<u>19,982</u>
Total Money Market Investments (Cost: \$97,401)		<u>97,401</u>
Total Investments (101.3%) (Cost: \$617,599)^\		<u>705,795</u>
Other Assets, Less Liabilities (-1.3%)		<u>(9,217)</u>
Total Net Assets (100.0%)		<u>\$696,578</u>

^\ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$618,175 and the net unrealized appreciation of investments based on that cost was \$87,620 which is comprised of \$131,991 aggregate gross unrealized appreciation and \$44,371 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation / (Depreciation) (000's)
S&P 500 Index			
Futures	189	3/02	\$336
(Total Notional Value at 12/31/01 \$53,963)			

The Accompanying Notes are an Integral Part of the Financial Statements

J.P. Morgan Select Growth & Income Stock Portfolio

Objective:

Long-term growth of capital and income, consistent with moderate investment risk

Portfolio Strategy:

Actively manage a portfolio of equity securities with a goal of exceeding the total return of the S&P 500 Index.

Net Assets:

\$548.67 million

J.P. Morgan Select Growth & Income Stock Portfolio invests mainly in large-capitalization stocks, with a focus on seeking the best values in the market based on long-term earnings forecasts. A sector balance very close to that of the S&P 500 Index is normally maintained, with the emphasis on undervalued stocks within each industry group; a valuation discipline mandates the sale of stocks regarded as overvalued. More focus is placed on capital appreciation and dividend growth than on current dividends. The Portfolio is normally fully invested in equity securities.

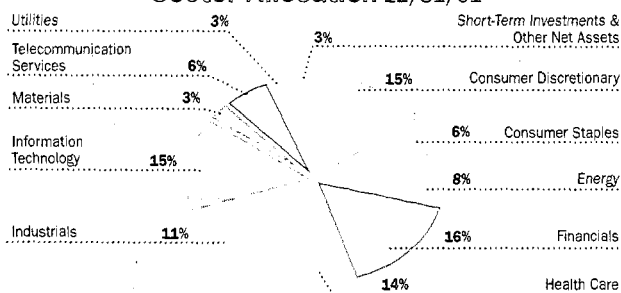
In the highly volatile stock market of 2001, the Portfolio's strategy of stock selection based on fundamental research accompanied by a strong valuation discipline proved effective. Total return from the Growth and Income fund was negative, but more than four percentage points better than the benchmark S&P 500 Index. Performance was also helped by the policy of maintaining industry weightings close to those of the market. At a time when some investors were reluctant to hold technology stocks, the Portfolio benefited from large positions in technology leaders such as Microsoft, Intel and IBM.

Among the Portfolio's best performing stocks were Cendant, a real estate and travel company experiencing a turnaround; TJX Companies, a core retail holding; and CIT Financial and Alza, both of which were acquired during the year. Performance relative to the Index benefited also from substantial overweights in Tyco International and Philip Morris, which were up for the year.

In the past year, a weak market has made it possible to upgrade the quality of holdings without paying a significant premium. The emphasis has been on companies with pronounced financial strength that could prosper even in a poor economy. In the months ahead, special consideration will be given to holdings with greater operating and financial leverage that have the potential to benefit from a recovering economy.

The J.P. Morgan Select Growth & Income Stock Portfolio is managed for Northwestern Mutual by J.P. Morgan Investment Management, Inc.

Sector Allocation 12/31/01

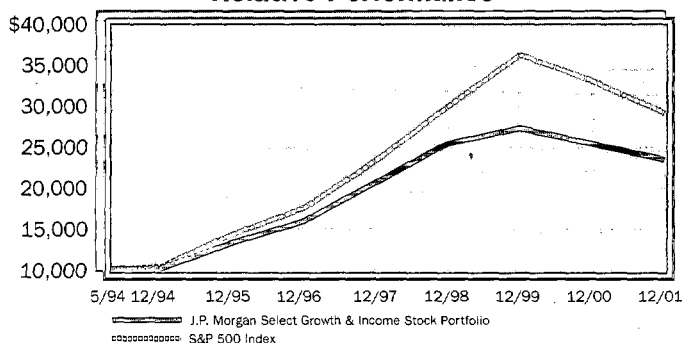


The J.P. Morgan Select Growth & Income Stock Portfolio was formerly named the Growth and Income Stock Portfolio. The name change took effect on May 4, 2001. The Portfolio's investment objective did not change.

Top 10 Equity Holdings 12/31/01

Company	% of Total Net Assets
General Electric Company	4.5%
Tyco International, Ltd.	4.1%
Citigroup, Inc.	3.7%
Microsoft Corporation	3.5%
Exxon Mobil Corporation	2.9%
Philip Morris Companies, Inc.	2.7%
International Business Machines Corporation	2.2%
Intel Corporation	2.2%
Ambac Financial Group, Inc.	2.0%
Wal-Mart Stores, Inc.	2.0%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2001

	1 Year	5 Years	Since Inception#
J.P. Morgan Select Growth & Income Stock Portfolio	-7.77%	8.11%	11.67%
S&P 500 Index	-11.83%	10.71%	14.89%

#Inception date of 5/03/94

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

J.P. Morgan Select Growth & Income Stock Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2001

Common Stock (97.2%)	Shares/ Par	Market Value (000's)	Common Stock (97.2%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (15.2%)			Financials continued		
*Abercrombie & Fitch Co. — Class A	91,600	\$ 2,430	Wachovia Corporation	96,900	\$ 3,039
*Adelphia Communications Corporation — Class A	83,600	2,607	Washington Mutual, Inc.	99,800	3,263
*AOL Time Warner, Inc.	269,200	8,641	Total		86,628
*Cendant Corporation	260,204	5,103	Health Care (14.6%)		
The Coca-Cola Company	92,000	4,338	American Home Products Corporation	128,800	7,903
*Comcast Corporation — Class A	67,800	2,441	*Amgen, Inc.	60,000	3,386
*Costco Wholesale Corporation	85,000	3,772	Applera Corporation — Applied Biosystems Group	79,600	3,126
*Gemstar-TV Guide International, Inc.	90,700	2,512	Baxter International, Inc.	55,500	2,976
The Home Depot, Inc.	136,000	6,937	Bristol-Myers Squibb Company	94,900	4,840
*Jones Apparel Group, Inc.	95,700	3,174	CIGNA Corporation	112,600	10,433
*Lear Corporation	83,500	3,185	Eli Lilly and Company	65,600	5,152
*Liberty Media Corporation — Class A	610,500	8,547	*Human Genome Sciences, Inc.	33,766	1,139
Mattel, Inc.	115,900	1,993	Johnson & Johnson	145,050	8,572
Target Corporation	172,400	7,077	Merck & Co., Inc.	124,100	7,297
The TJX Companies, Inc.	157,400	6,274	Pfizer, Inc.	221,800	8,839
*Viacom, Inc. — Class B	85,100	3,757	Pharmacia Corporation	114,952	4,903
Wal-Mart Stores, Inc.	188,200	10,832	Schering-Plough Corporation	210,500	7,538
Total		83,620	*Tenet Healthcare Corporation	63,500	3,729
Consumer Staples (6.2%)			Total		79,833
The Gillette Company	201,500	6,730	Industrials (10.6%)		
Kraft Foods, Inc. — Class A	84,400	2,872	Cooper Industries, Inc.	44,900	1,568
Philip Morris Companies, Inc.	317,600	14,562	General Electric Company	612,200	24,537
The Procter & Gamble Company	73,300	5,800	Goodrich Corporation	83,700	2,228
Unilever NV, ADR	68,800	3,964	Tyco International, Ltd.	382,092	22,505
Total		33,928	Waste Management, Inc.	222,817	7,110
Energy (7.1%)			Total		57,948
Baker Hughes Incorporated	105,500	3,848	Information Technology (15.6%)		
ChevronTexaco Corporation	111,600	10,000	*Altera Corporation	123,400	2,619
Conoco, Inc.	132,200	3,741	*Applied Materials, Inc.	80,300	3,220
Dynegy, Inc. — Class A	57,900	1,476	*BEA Systems, Inc.	39,100	603
Exxon Mobil Corporation	409,054	16,077	*CIENA Corporation	77,100	1,103
GlobalSantaFe Corporation	142,051	4,051	*Cisco Systems, Inc.	495,500	8,973
Total		39,193	*Citrix Systems, Inc.	57,400	1,301
Financials (15.8%)			Compaq Computer Corporation	261,000	2,547
The Allstate Corporation	97,100	3,272	*Dell Computer Corporation	121,200	3,294
Ambac Financial Group, Inc.	192,125	11,116	Harris Corporation	9,000	275
Bank One Corporation	140,200	5,475	Intel Corporation	378,300	11,897
Capital One Financial Corporation	138,100	7,450	International Business Machines Corporation	98,900	11,962
The Charles Schwab Corporation	153,000	2,367	*Microsoft Corporation	289,400	19,178
Citigroup, Inc.	406,756	20,534	Motorola, Inc.	194,600	2,923
Countrywide Credit Industries, Inc.	97,600	3,999	*NCR Corporation	131,500	4,847
*E*TRADE Group, Inc.	97,300	997	*Oracle Corporation	170,900	2,360
Fannie Mae	128,700	10,232	*Siebel Systems, Inc.	50,800	1,421
The Goldman Sachs Group, Inc.	72,300	6,706	*Sun Microsystems, Inc.	345,100	4,259
U.S. Bancorp	390,732	8,178			

J.P. Morgan Select Growth & Income Stock Portfolio

Common Stock (97.2%)	Shares/ Par	Market Value (000's)
Information Technology continued		
Texas Instruments Incorporated	66,700	\$ 1,868
*VERITAS Software Corporation	24,318	1,090
Total		<u>85,740</u>
Materials (3.0%)		
Alcoa, Inc.	141,764	5,040
Allegheny Technologies Incorporated	167,050	2,798
Monsanto Company	65,617	2,218
Rohm and Haas Company	73,200	2,535
*Smurfit-Stone Container Corporation	101,434	1,620
Temple-Inland, Inc.	43,100	2,445
Total		<u>16,656</u>
Telecommunication Services (5.6%)		
*American Tower Corporation — Class A	204,100	1,933
*Qwest Communications International, Inc.	188,000	2,656
SBC Communications, Inc.	150,610	5,899
*Sprint Corporation (PCS Group)	329,800	8,050
Verizon Communications, Inc.	135,348	6,424
WorldCom, Inc. — MCI Group	182,962	2,324
*WorldCom, Inc. — WorldCom Group	243,759	3,432
Total		<u>30,718</u>
Utilities (3.5%)		
CMS Energy Corporation	80,176	1,927
DTE Energy Company	109,900	4,610
Edison International	133,729	2,019
El Paso Corporation	91,600	4,086
PG&E Corporation	143,400	2,759
Pinnacle West Capital Corporation	94,200	3,942
Total		<u>19,343</u>
Total Common Stock (Cost: \$557,297)		<u>533,607</u>

Money Market Investments (2.9%)	Shares/ Par	Market Value (000's)
Miscellaneous Business Credit Institutions (1.9%)		
Quincy Capital Corp., 2.1%, 1/3/02	\$10,000,000	\$ 9,999
Total		<u>9,999</u>
Pharmaceutical Preparations (1.0%)		
American Home Products, 1.85%, 1/2/02	5,700,000	5,700
Total		<u>5,700</u>
Total Money Market Investments (Cost: \$15,699)		<u>15,699</u>
Total Investments (100.1%) (Cost \$572,996)/^		<u>549,306</u>
Other Assets, Less Liabilities (-0.1%)		<u>(634)</u>
Total Net Assets (100.0%)		<u>\$548,672</u>

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$578,075 and the net unrealized depreciation of investments based on that cost was \$28,769 which is comprised of \$40,552 aggregate gross unrealized appreciation and \$69,321 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Guardian Domestic Equity Portfolio

Objective:

Long-term growth of capital and income

Portfolio Strategy:

Invest in larger American companies that exhibit value characteristics relative to S&P 500 Index.

Net Assets:

\$40.72 million

The Capital Guardian Domestic Equity Portfolio invests mainly in large companies with well-known names, proven track records, and a history of dividends. This value-oriented Portfolio emphasizes stocks that have lower price-earnings ratios, lower price to book value ratios, and higher dividend yields than the S&P 500 Index.

The selection process focuses on individual stocks that are underpriced relative to their inherent value and long-term prospects, based largely on Capital Guardian's solid research capabilities. Industry selection receives minor consideration, and industry weightings may diverge significantly from the major market indices. At the end of 2001, the Portfolio was overweighted relative to the index in financial services, industrials, and utilities, and underweighted in consumer stocks and information technology.

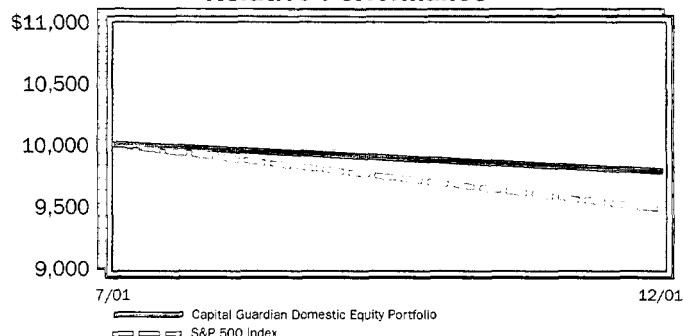
The Portfolio has outperformed the S&P 500 Index in the five months since it was added to the investment choices available to Northwestern Mutual policyowners. In a volatile and generally down market, performance benefited from a cautious approach of avoiding holdings likely to suffer earnings problems in a weakening economy. Performance in the last quarter of 2001 was boosted by the opportunistic addition of quality companies including United Technologies, Applied Materials, Inc. and Sabre Holdings, all of which rebounded significantly after experiencing sharp drops in the wake of the September terrorist attacks.

The Capital Guardian Domestic Equity Portfolio is managed for Northwestern Mutual by Capital Guardian Trust Company.

Top 10 Equity Holdings 12/31/01

Company	% of Total Net Assets
United Technologies Corporation	3.4%
Bank One Corporation	3.3%
The AES Corporation	3.0%
Tyco International, Ltd.	2.9%
Air Products and Chemicals, Inc.	2.8%
Sabre Holdings Corporation — Class A	2.8%
Carnival Corporation	2.4%
SBC Communications, Inc.	2.4%
J.P. Morgan Chase & Co.	2.3%
Philip Morris Companies, Inc.	2.3%

Relative Performance



Total Return For Period Ended December 31, 2001

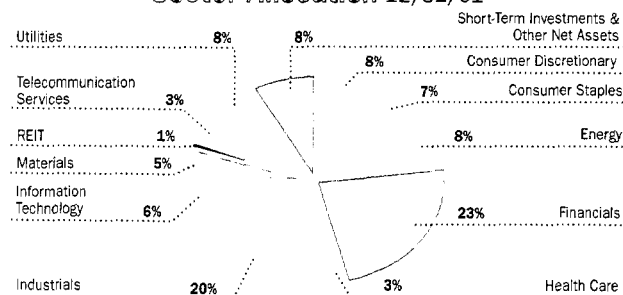
	Since Inception#
Capital Guardian Domestic Equity Portfolio	-2.19%
S&P 500 Index	-5.20%

#Inception date of 7/31/01, returns not annualized

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Sector Allocation 12/31/01



Capital Guardian Domestic Equity Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Common Stock (91.9%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (8.2%)		
Carnival Corporation	34,800	\$ 976
Dollar General Corporation	39,500	589
Ford Motor Company	15,300	241
Gannett Co., Inc.	5,200	350
Knight-Ridder, Inc.	11,300	734
McDonald's Corporation	16,600	439
Total		3,329
Consumer Staples (7.3%)		
Anheuser-Busch Companies, Inc.	8,000	362
Campbell Soup Company	27,500	821
The Clorox Company	4,200	166
Kraft Foods, Inc. — Class A	20,500	698
Philip Morris Companies, Inc.	20,500	940
Total		2,987
Energy (7.9%)		
Baker Hughes Incorporated	20,200	736
*BJ Services Company	4,000	130
Exxon Mobil Corporation	9,500	373
Royal Dutch Petroleum Company, ADR	12,500	613
Shell Transport & Trading Company, ADR	15,000	622
Unocal Corporation	13,800	498
*Weatherford International, Inc.	6,900	257
Total		3,229
Financials (22.9%)		
ACE Limited	2,200	88
The Allstate Corporation	15,300	516
*AmeriCredit Corp.	17,200	543
Bank of America Corporation	12,500	787
Bank One Corporation	34,500	1,348
Citigroup, Inc.	5,000	252
Everest Re Group, Ltd.	7,000	495
The Goldman Sachs Group, Inc.	3,600	334
The Hartford Financial Services Group, Inc.	8,200	515
Household International, Inc.	11,000	637
J.P. Morgan Chase & Co.	26,000	945
Jefferson-Pilot Corporation	4,300	199
Kinder Morgan Management LLC	17,735	672
*Principal Financial Group, Inc.	3,600	86
USA Education, Inc.	6,600	555
Washington Mutual, Inc.	15,000	491
Wells Fargo & Company	7,000	304
XL Capital, Ltd. — Class A	6,200	566
Total		9,333

Common Stock (91.9%)	Shares/ Par	Market Value (000's)
Health Care (3.3%)		
Becton, Dickinson and Company	26,000	\$ 862
Eli Lilly and Company	6,000	471
Total		1,333
Industrials (19.8%)		
Canadian National Railway Company	4,500	217
Dover Corporation	13,000	482
Emerson Electric Co.	10,800	617
Fluor Corporation	21,100	789
Illinois Tool Works, Inc.	7,700	521
Ingersoll-Rand Company	11,500	481
Navistar International Corporation	14,300	565
Norfolk Southern Corporation	13,000	238
Sabre Holdings Corporation — Class A	26,500	1,122
Tyco International, Ltd.	20,100	1,184
Union Pacific Corporation	5,500	314
United Technologies Corporation	21,100	1,364
W.W. Grainger, Inc.	3,500	168
Total		8,062
Information Technology (5.8%)		
*Applied Materials, Inc.	18,300	733
Compaq Computer Corporation	46,500	454
Hewlett-Packard Company	7,600	156
*KLA-Tencor Corporation	7,700	382
Nortel Networks Corporation	84,000	630
Total		2,355
Materials (5.3%)		
Air Products and Chemicals, Inc.	24,400	1,144
Alcoa, Inc.	8,600	306
The Dow Chemical Company	9,400	317
Lyondell Chemical Company	17,100	245
Nucor Corporation	2,900	154
Total		2,166
Real Estate Investment Trusts (1.1%)		
Equity Office Properties Trust	14,500	436
Total		436
Telecommunication Services (2.7%)		
CenturyTel, Inc.	3,500	115
SBC Communications, Inc.	24,800	971
Total		1,086
Utilities (7.6%)		
*The AES Corporation	74,900	1,225
*Mirant Corporation	9,000	144
NiSource, Inc.	22,900	528

Capital Guardian Domestic Equity Portfolio

	Shares/ Par	Market Value (000's)
<u>Common Stock (91.9%)</u>		
Utilities continued		
*NRG Energy, Inc.	28,300	\$ 439
The Williams Companies, Inc.	30,500	778
Total		<u>3,114</u>
Total Common Stock		
(Cost: \$37,160)		<u>37,430</u>
<u>Money Market Investments (7.9%)</u>		
Finance Services (2.5%)		
JP Morgan Chase & Co., 1.86%, 2/7/02	\$1,000,000	999
Total		<u>999</u>
Machinery (2.2%)		
John Deere Capital Corp.,		
2.05%, 1/14/02	900,000	899
Total		<u>899</u>
Pharmaceutical Preparations (1.0%)		
American Home Products,		
1.85%, 1/2/02	400,000	400
Total		<u>400</u>

	Shares/ Par	Market Value (000's)
<u>Money Market Investments (7.9%)</u>		
Security Brokers & Dealers \$(2.2%)		
Salomon Smith Barney Holdings,		
1.78%, 1/15/02	\$ 900,000	\$ 899
Total		<u>899</u>
Total Money Market Investments		
(Cost: \$3,197)		<u>3,197</u>
Total Investments (99.8%)		
(Cost \$40,357)^\		<u>40,627</u>
Other Assets, Less		
Liabilities (0.2%)		<u>95</u>
Total Net Assets (100.0%)		<u>\$40,722</u>

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$40,372 and the net unrealized appreciation of investments based on that cost was \$255 which is comprised of \$1,696 aggregate gross unrealized appreciation and \$1,441 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

The Accompanying Notes are an Integral Part of the Financial Statements

Index 500 Stock Portfolio

Objective:

Long-term capital appreciation through cost-effective participation in broad market performance

Portfolio Strategy:

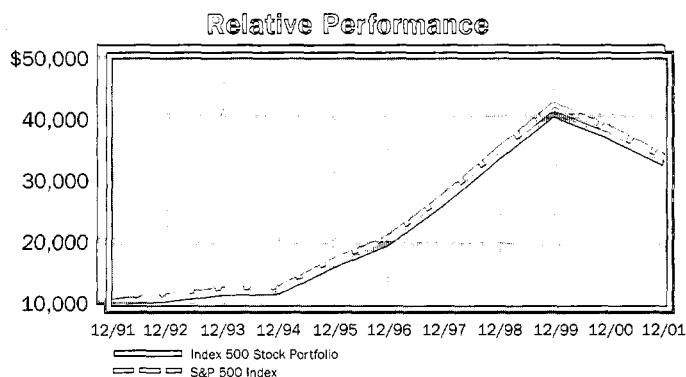
Invest in a portfolio designed to approximate the composition and returns of the S&P 500 Index.

Net Assets:

\$1.82 billion

The Index 500 Stock Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. As of December 31, 2001, the 500 stocks in the Index had a median market capitalization of \$8.4 billion and total market value of \$10,463 billion. Of the 500 stocks, 420 are listed on the New York Stock Exchange, 78 on NASDAQ, and 2 on the American Stock Exchange.

This composite of 500 stocks of large U.S.-based companies, compiled by Standard & Poor's Corporation, is generally regarded as a good proxy for the large-capitalization portion of the U.S. equity market; the Portfolio therefore enables contract owners to participate in overall performance of the equity market. The Portfolio continues to achieve the objective of matching the results of the S&P 500 before expenses.



	Average Annual Total Return For Periods Ended December 31, 2001		
	1 Year	5 Years	10 Years
Index 500 Stock Portfolio	-11.88%	10.76%	12.56%
S&P 500 Index	-11.83%	10.71%	12.90%

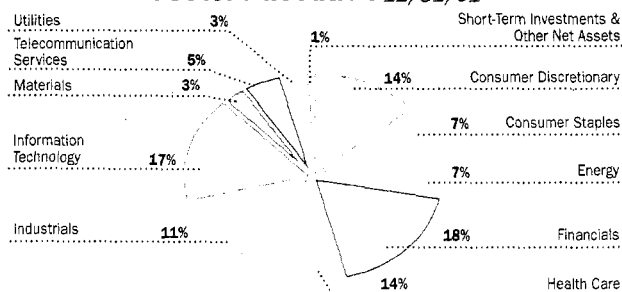
On April 30, 1993, the Portfolio was indexed to approximate the performance of the Standard & Poor's 500 Composite Stock Price Index. Before that date, the Portfolio was actively managed.

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

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This chart assumes an initial investment of \$10,000 made on 12/31/91. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Sector Allocation 12/31/01



Top 10 Holdings 12/31/01

Company	% of Total Net Assets
General Electric Company	3.8%
Microsoft Corporation	3.4%
Exxon Mobil Corporation	2.6%
Wal-Mart Stores, Inc.	2.4%
Citigroup, Inc.	2.4%
Pfizer, Inc.	2.4%
Intel Corporation	2.0%
International Business Machines Corporation	2.0%
American International Group, Inc.	2.0%
Johnson & Johnson	1.7%

Index 500 Stock Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Consumer Discretionary (14.4%)		
American Greetings Corporation — Class A	10,900	\$ 150
*AOL Time Warner, Inc.	762,400	24,473
*AutoZone, Inc.	19,225	1,380
*Bed Bath & Beyond, Inc.	49,700	1,685
*Best Buy Co., Inc.	36,000	2,681
*Big Lots, Inc.	19,500	203
The Black & Decker Corporation	14,000	528
Brunswick Corporation	15,100	329
Carnival Corporation	100,609	2,825
*Cendant Corporation	166,633	3,268
Centex Corporation	10,200	582
Circuit City Stores, Inc.	35,800	929
*Clear Channel Communications, Inc.	101,050	5,144
The Coca-Cola Company	427,975	20,179
Coca-Cola Enterprises, Inc.	76,600	1,451
*Comcast Corporation — Class A	162,600	5,854
Cooper Tire & Rubber Company	12,500	200
*Costco Wholesale Corporation	77,464	3,438
Dana Corporation	25,450	353
Darden Restaurants, Inc.	20,267	717
Delphi Automotive Systems Corporation	96,387	1,317
Dillard's, Inc. — Class A	14,664	235
Dollar General Corporation	56,848	847
Dow Jones & Company, Inc.	14,820	811
Eastman Kodak Company	49,883	1,468
Family Dollar Stores, Inc.	29,500	884
*Federated Department Stores, Inc.	34,051	1,393
Ford Motor Company	314,794	4,949
Fortune Brands, Inc.	26,267	1,040
Gannett Co., Inc.	45,550	3,062
The Gap, Inc.	147,875	2,061
General Motors Corporation	94,427	4,589
The Goodyear Tire & Rubber Company	27,300	650
Harley-Davidson, Inc.	52,000	2,824
*Harrah's Entertainment, Inc.	20,150	746
Hasbro, Inc.	29,725	482
Hilton Hotels Corporation	63,450	693
The Home Depot, Inc.	401,594	20,485
*International Game Technology	12,700	867
The Interpublic Group of Companies, Inc.	64,500	1,905
J. C. Penney Company, Inc.	45,250	1,217
Johnson Controls, Inc.	14,900	1,203
*Jones Apparel Group, Inc.	20,800	690
KB Home	7,600	305
*Kmart Corporation	84,300	460
Knight-Ridder, Inc.	12,550	815
*Kohl's Corporation	57,367	4,041
Leggett & Platt Incorporated	33,733	776

Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Consumer Discretionary continued		
The Limited, Inc.	73,405	\$ 1,081
Liz Claiborne, Inc.	9,000	448
Lowe's Companies, Inc.	132,350	6,142
Marriott International, Inc. — Class A	41,900	1,703
Mattel, Inc.	74,188	1,276
The May Department Stores Company	51,450	1,903
Maytag Corporation	13,133	408
McDonald's Corporation	222,578	5,892
The McGraw-Hill Companies, Inc.	33,560	2,046
Meredith Corporation	8,600	307
The New York Times Company — Class A	27,370	1,184
Newell Rubbermaid, Inc.	45,892	1,265
NIKE, Inc. — Class B	46,700	2,626
Nordstrom, Inc.	23,067	467
*Office Depot, Inc.	51,157	948
Omnicom Group, Inc.	31,900	2,850
The Pepsi Bottling Group, Inc.	49,500	1,163
Pulte Corporation	10,100	451
RadioShack Corporation	31,900	960
*Reebok International, Ltd.	10,100	268
Sears, Roebuck & Co.	56,550	2,694
The Sherwin-Williams Company	26,913	740
Snap-On Incorporated	9,917	334
The Stanley Works	14,650	682
*Staples, Inc.	78,500	1,468
*Starbucks Corporation	65,450	1,247
Starwood Hotels & Resorts Worldwide, Inc.	34,200	1,021
Target Corporation	154,757	6,353
Tiffany & Co.	25,067	789
The TJX Companies, Inc.	48,250	1,923
*TMP Worldwide, Inc.	18,367	788
*Toys "R" Us, Inc.	33,950	704
Tribune Company	51,336	1,922
*Tricon Global Restaurants, Inc.	25,240	1,242
TRW, Inc.	21,500	796
Tupperware Corporation	10,000	193
*Univision Communications, Inc. — Class A	35,900	1,453
V. F. Corporation	19,257	751
*Viacom, Inc. — Class B	306,348	13,525
Visteon Corporation	22,483	338
Wal-Mart Stores, Inc.	769,300	44,274
The Walt Disney Company	359,657	7,452
Wendy's International, Inc.	19,550	570
Whirlpool Corporation	11,450	840
Total		262,671

Index 500 Stock Portfolio

Common Stock (98.9%)	Shares/ Par	Market Value (000's)	Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Consumer Staples (6.9%)			Energy continued		
Adolph Coors Company — Class B	6,400	\$ 342	Schlumberger Limited	98,667	\$ 5,422
Alberto-Culver Company — Class B	9,700	434	Sunoco, Inc.	14,450	540
Albertson's, Inc.	69,654	2,193	Transocean Sedco Forex, Inc.	54,751	1,852
Anheuser-Busch Companies, Inc.	154,449	6,983	Unocal Corporation	41,867	1,510
Archer-Daniels-Midland Company	114,203	1,639	USX-Marathon Group	53,109	1,593
Avon Products, Inc.	40,800	1,897	Total		116,330
Brown-Forman Corporation — Class B	11,800	739	Financials (17.5%)		
Campbell Soup Company	70,222	2,098	AFLAC Incorporated	90,450	2,221
The Clorox Company	40,650	1,608	The Allstate Corporation	124,628	4,200
Colgate-Palmolive Company	96,522	5,574	Ambac Financial Group, Inc.	18,200	1,053
ConAgra Foods, Inc.	92,467	2,198	American Express Company	227,675	8,126
CVS Corporation	67,667	2,003	American International Group, Inc.	450,830	35,795
General Mills, Inc.	62,567	3,254	AmSouth Bancorporation	63,755	1,205
The Gillette Company	181,435	6,060	Aon Corporation	45,100	1,602
H.J. Heinz Company	60,017	2,468	Bank of America Corporation	275,801	17,362
Hershey Foods Corporation	23,550	1,594	The Bank of New York Company, Inc.	126,553	5,163
Kellogg Company	69,857	2,103	Bank One Corporation	200,486	7,829
Kimberly-Clark Corporation	91,556	5,475	BB&T Corporation	75,400	2,723
*The Kroger Co.	139,505	2,911	The Bear Stearns Companies, Inc.	16,195	950
PepsiCo, Inc.	304,230	14,813	Capital One Financial Corporation	35,900	1,937
Philip Morris Companies, Inc.	378,522	17,355	The Charles Schwab Corporation	238,539	3,690
The Procter & Gamble Company	222,905	17,639	Charter One Financial, Inc.	37,396	1,015
*Safeway, Inc.	87,000	3,632	The Chubb Corporation	30,150	2,080
Sara Lee Corporation	135,335	3,008	Cincinnati Financial Corporation	27,680	1,056
SUPERVALU, Inc.	22,750	503	Citigroup, Inc.	865,248	43,677
SYSCO Corporation	115,725	3,034	Comerica Incorporated	30,750	1,762
Unilever NV, ADR	98,347	5,666	Conseco, Inc.	58,137	259
UST, Inc.	28,067	982	Countrywide Credit Industries, Inc.	20,400	836
Walgreen Co.	175,146	5,895	Fannie Mae	172,148	13,686
Winn-Dixie Stores, Inc.	24,150	344	Fifth Third Bancorp	99,034	6,099
Wm. Wrigley Jr. Company	38,867	1,997	FleetBoston Financial Corporation	186,405	6,804
Total		126,441	Franklin Resources, Inc.	45,550	1,607
Energy (6.4%)			Freddie Mac	119,186	7,795
Amerada Hess Corporation	15,300	956	Golden West Financial Corporation	27,350	1,610
Anadarko Petroleum Corporation	43,162	2,454	The Hartford Financial Services Group, Inc.	40,750	2,560
Apache Corporation	23,760	1,185	Household International, Inc.	79,785	4,623
Ashland, Inc.	12,000	553	Huntington Bancshares Incorporated	43,242	743
Baker Hughes Incorporated	57,730	2,105	J.P. Morgan Chase & Co.	341,648	12,419
Burlington Resources, Inc.	36,383	1,366	Jefferson-Pilot Corporation	26,134	1,209
ChevronTexaco Corporation	183,357	16,431	John Hancock Financial Services, Inc.	53,000	2,189
Conoco, Inc.	107,525	3,043	KeyCorp	73,075	1,779
Devon Energy Corporation	22,300	862	Lehman Brothers Holdings, Inc.	42,422	2,834
Dynegy, Inc. — Class A	56,100	1,431	Lincoln National Corporation	32,340	1,571
EOG Resources, Inc.	19,960	781	Loews Corporation	33,967	1,881
Exxon Mobil Corporation	1,187,256	46,658	Marsh & McLennan Companies, Inc.	47,390	5,092
Halliburton Company	73,869	968	MBIA, Inc.	25,550	1,370
Kerr-McGee Corporation	17,205	943	MBNA Corporation	146,610	5,161
*Nabors Industries, Inc.	25,250	867	Mellon Financial Corporation	82,068	3,087
*Noble Drilling Corporation	23,050	785	Merrill Lynch & Co., Inc.	144,400	7,526
Occidental Petroleum Corporation	63,720	1,690	MetLife, Inc.	129,036	4,088
Phillips Petroleum Company	65,287	3,934	MGIC Investment Corporation	18,400	1,136
*Rowan Companies, Inc.	16,250	315	Moody's Corporation	27,075	1,079
Royal Dutch Petroleum Company, ADR	368,969	18,086			

Index 500 Stock Portfolio

Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Financials continued		
Morgan Stanley Dean Witter & Co.	191,513	\$ 10,713
National City Corporation	103,397	3,023
Northern Trust Corporation	38,350	2,309
The PNC Financial Services Group, Inc.	49,767	2,797
The Progressive Corporation	12,700	1,896
Provident Financial Corporation	49,157	175
Regions Financial Corporation	39,186	1,177
SAFECO Corporation	21,950	684
SouthTrust Corporation	58,467	1,442
The St. Paul Companies, Inc.	36,872	1,621
State Street Corporation	56,000	2,926
Stilwell Financial, Inc.	37,729	1,027
SunTrust Banks, Inc.	50,233	3,150
Synovus Financial Corp.	49,950	1,251
T. Rowe Price Group, Inc.	21,200	736
Torchmark Corporation	21,550	848
U.S. Bancorp	327,921	6,863
Union Planters Corporation	23,625	1,066
UnumProvident Corporation	41,531	1,101
USA Education, Inc.	28,014	2,354
Wachovia Corporation	241,281	7,567
Washington Mutual, Inc.	150,987	4,937
Wells Fargo & Company	295,280	12,830
XL Capital, Ltd. — Class A	23,000	2,101
Zions Bancorporation	15,900	836
Total		317,919

Health Care (14.2%)		
Abbott Laboratories	266,550	14,860
Aetna, Inc.	24,477	807
Allergan, Inc.	22,667	1,701
American Home Products Corporation	226,229	13,881
*AmerisourceBergen Corporation	17,700	1,125
*Amgen, Inc.	179,525	10,132
Applera Corporation — Applied Biosystems Group	36,333	1,427
Bausch & Lomb Incorporated	9,200	346
Baxter International, Inc.	101,900	5,465
Becton, Dickinson and Company	44,350	1,470
*Biogen, Inc.	25,600	1,468
Biomet, Inc.	46,145	1,426
*Boston Scientific Corporation	69,086	1,666
Bristol-Myers Squibb Company	334,408	17,055
C. R. Bard, Inc.	8,750	564
Cardinal Health, Inc.	76,725	4,961
*Chiron Corporation	32,722	1,435
CIGNA Corporation	25,729	2,384
Eli Lilly and Company	193,406	15,190
*Forest Laboratories, Inc.	30,333	2,486
*Genzyme Corporation	35,700	2,137
*Guidant Corporation	52,788	2,629
HCA, Inc.	92,511	3,565
*Health Management Associates, Inc.	42,200	776
*Healthsouth Corporation	67,100	994

Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Health Care continued		
*Humana, Inc.	29,200	\$ 344
*Immunex Corporation	91,900	2,547
Johnson & Johnson	521,037	30,794
*King Pharmaceuticals, Inc.	42,066	1,772
*Manor Care, Inc.	17,700	420
McKesson HBOC, Inc.	49,005	1,833
*MedImmune, Inc.	36,600	1,696
Medtronic, Inc.	208,000	10,652
Merck & Co., Inc.	394,520	23,198
Pfizer, Inc.	1,086,236	43,288
Pharmacia Corporation	223,870	9,548
*Quintiles Transnational Corp.	20,100	323
Schering-Plough Corporation	251,750	9,015
*St. Jude Medical, Inc.	14,800	1,149
Stryker Corporation	33,750	1,970
*Tenet Healthcare Corporation	55,800	3,277
UnitedHealth Group Incorporated	54,586	3,863
*Watson Pharmaceuticals, Inc.	18,200	571
*Wellpoint Health Networks, Inc. — Class A	10,900	1,274
Zimmer Holdings, Inc.	33,437	1,021
Total		258,505

Industrials (11.0%)		
*Allied Waste Industries, Inc.	33,950	477
*American Power Conversion Corporation	33,550	485
*AMR Corporation	26,400	585
Automatic Data Processing, Inc.	107,450	6,329
Avery Dennison Corporation	18,950	1,071
The Boeing Company	150,076	5,820
Burlington Northern Santa Fe Corporation	67,385	1,922
Caterpillar, Inc.	59,088	3,087
Cintas Corporation	29,133	1,410
*Concord EFS, Inc.	82,900	2,717
*Convergys Corporation	29,450	1,104
Cooper Industries, Inc.	15,900	555
Crane Co.	10,275	263
CSX Corporation	36,750	1,288
Cummins, Inc.	7,100	274
Danaher Corporation	24,500	1,478
Deere & Company	40,360	1,762
Delta Air Lines, Inc.	21,167	619
Deluxe Corporation	12,151	505
Dover Corporation	34,967	1,296
Eaton Corporation	11,900	885
Emerson Electric Co.	73,750	4,211
Equifax, Inc.	24,600	594
*FedEx Corporation	52,820	2,740
First Data Corporation	67,463	5,292
*Fiserv, Inc.	32,125	1,360
Fluor Corporation	13,600	509
General Dynamics Corporation	34,600	2,756
General Electric Company	1,709,206	68,505
Genuine Parts Company	29,600	1,086

Index 500 Stock Portfolio

Common Stock (98.9%)	Shares/ Par	Market Value (000's)	Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Industrials continued			Information Technology continued		
Goodrich Corporation	17,800	\$ 474	*CIENA Corporation	56,300	\$ 806
H&R Block, Inc.	31,450	1,406	*Cisco Systems, Inc.	1,259,400	22,808
Honeywell International, Inc.	139,250	4,709	*Citrix Systems, Inc.	31,820	721
Illinois Tool Works, Inc.	52,300	3,542	Compaq Computer Corporation	290,627	2,837
IMS Health Incorporated	50,667	989	Computer Associates		
Ingersoll-Rand Company	28,980	1,212	International, Inc.	99,192	3,421
ITT Industries, Inc.	15,100	763	*Computer Sciences Corporation	29,050	1,423
Lockheed Martin Corporation	74,708	3,487	*Compuware Corporation	63,257	746
Masco Corporation	79,100	1,938	*Comverse Technology, Inc.	31,900	714
McDermott International, Inc.	10,500	129	*Conexant Systems, Inc.	42,500	610
Minnesota Mining and			Corning Incorporated	160,100	1,428
Manufacturing Company	68,088	8,049	*Dell Computer Corporation	447,533	12,164
Molex Incorporated	33,650	1,041	Electronic Data Systems Corporation	80,467	5,516
Navistar International Corporation	10,250	405	*EMC Corporation	379,774	5,104
Norfolk Southern Corporation	66,157	1,213	*Gateway, Inc.	55,550	447
Northrop Grumman Corporation	18,900	1,905	Hewlett-Packard Company	334,360	6,868
PACCAR, Inc.	13,170	864	Intel Corporation	1,157,163	36,393
Pall Corporation	21,150	509	International Business Machines		
Parker-Hannifin Corporation	20,075	922	Corporation	298,939	36,160
Paychex, Inc.	64,235	2,251	*Intuit, Inc.	35,900	1,535
Pitney Bowes, Inc.	42,437	1,596	*Jabil Circuit, Inc.	32,867	747
*Power-One, Inc.	13,500	141	*JDS Uniphase Corporation	226,500	1,977
R. R. Donnelley & Sons Company	20,234	601	*KLA-Tencor Corporation	31,900	1,581
Raytheon Company	66,200	2,150	*Lexmark International Group, Inc. —		
*Robert Half International, Inc.	30,140	805	Class A	22,100	1,304
Rockwell Collins, Inc.	31,450	613	Linear Technology Corporation	54,650	2,134
Rockwell International Corporation	31,450	562	*LSI Logic Corporation	62,200	982
Ryder System, Inc.	10,400	230	Lucent Technologies, Inc.	586,036	3,686
Sabre Holdings Corporation —			*Maxim Integrated Products, Inc.	56,500	2,967
Class A	22,867	968	*Mercury Interactive Corporation	14,200	483
Southwest Airlines Co.	131,067	2,422	*Micron Technology, Inc.	102,550	3,179
Textron, Inc.	24,250	1,005	*Microsoft Corporation	926,100	61,372
Thomas & Betts Corporation	10,000	212	Millipore Corporation	8,100	492
Tyco International, Ltd.	333,208	19,626	Motorola, Inc.	377,877	5,676
Union Pacific Corporation	42,660	2,432	*National Semiconductor Corporation	29,843	919
United Technologies Corporation	80,967	5,233	*NCR Corporation	16,600	612
*US Airways Group, Inc.	11,500	73	*Network Appliance, Inc.	56,000	1,225
W.W. Grainger, Inc.	16,300	782	Nortel Networks Corporation	548,275	4,112
Waste Management, Inc.	107,585	3,433	*Novell, Inc.	62,000	285
Total		199,677	*Novellus Systems, Inc.	24,500	967
Information Technology (17.3%)			*Nvidia Corporation	24,100	1,612
*ADC Telecommunications, Inc.	134,450	618	*Oracle Corporation	965,925	13,339
Adobe Systems Incorporated	41,125	1,277	*Palm, Inc.	97,545	378
*Advanced Micro Devices, Inc.	59,200	939	*Parametric Technology Corporation	45,480	355
*Agilent Technologies, Inc.	78,637	2,242	*PeopleSoft, Inc.	50,600	2,034
*Altera Corporation	66,511	1,411	PerkinElmer, Inc.	21,000	735
*Analog Devices, Inc.	61,957	2,750	*PMC-Sierra, Inc.	28,300	602
*Andrew Corporation	14,037	307	*QLogic Corporation	15,850	705
*Apple Computer, Inc.	60,100	1,316	*QUALCOMM, Inc.	130,267	6,578
*Applied Materials, Inc.	139,950	5,612	*Sanmina-SCI Corporation	89,400	1,779
*Applied Micro Circuits Corporation	51,700	585	*Sapient Corporation	21,200	164
Autodesk, Inc.	9,267	345	Scientific-Atlanta, Inc.	28,000	670
*Avaya, Inc.	48,816	593	*Siebel Systems, Inc.	78,000	2,182
*BMC Software, Inc.	41,960	687	*Soletron Corporation	138,500	1,562
*Broadcom Corporation — Class A	44,800	1,836	*Sun Microsystems, Inc.	560,397	6,915
			Symbol Technologies, Inc.	38,950	619

Index 500 Stock Portfolio

Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Information Technology continued		
Tektronix, Inc.	16,160	\$ 417
*Tellabs, Inc.	70,392	1,058
*Teradyne, Inc.	29,950	903
Texas Instruments Incorporated	298,700	8,364
*Thermo Electron Corporation	31,200	744
*Unisys Corporation	54,450	683
*VERITAS Software Corporation	68,432	3,067
*Vitesse Semiconductor Corporation	31,548	393
Xerox Corporation	119,500	1,245
*Xilinx, Inc.	57,200	2,234
*Yahoo!, Inc.	97,600	1,731
Total		315,987
Materials (2.6%)		
Air Products and Chemicals, Inc.	39,267	1,842
Alcan, Inc.	54,950	1,974
Alcoa, Inc.	148,507	5,279
Allegheny Technologies Incorporated	13,817	231
Ball Corporation	4,733	335
Barrick Gold Corporation	92,121	1,469
Bemis Company, Inc.	9,050	445
Boise Cascade Corporation	9,900	337
The Dow Chemical Company	154,409	5,216
E. I. du Pont de Nemours and Company	179,428	7,627
Eastman Chemical Company	13,225	516
Ecolab, Inc.	22,000	886
Engelhard Corporation	22,500	623
*FMC Corporation	5,400	321
*Freeport-McMoRan Copper & Gold, Inc. — Class B	24,781	332
Georgia-Pacific Corporation	38,904	1,074
Great Lakes Chemical Corporation	8,700	211
Hercules Incorporated	18,600	186
*Inco Limited	31,250	529
International Flavors & Fragrances, Inc.	16,500	490
International Paper Company	83,066	3,352
Louisiana-Pacific Corporation	18,000	152
The Mead Corporation	17,050	527
Newmont Mining Corporation	33,680	644
Nucor Corporation	13,333	706
*Pactiv Corporation	27,300	485
Phelps Dodge Corporation	13,524	438
Placer Dome, Inc.	56,350	615
PPG Industries, Inc.	28,967	1,498
Praxair, Inc.	27,600	1,525
Rohm and Haas Company	37,880	1,312
*Sealed Air Corporation	14,421	589
Sigma-Aldrich Corporation	13,000	512
Temple-Inland, Inc.	8,500	482
USX-U. S. Steel Group	15,250	276
Vulcan Materials Company	17,400	834
Westvaco Corporation	17,350	494
Weyerhaeuser Company	36,980	2,000

Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Materials continued		
Willamette Industries, Inc.	18,700	\$ 975
Worthington Industries, Inc.	14,700	209
Total		47,548
Real Estate Investment Trusts (0.2%)		
Equity Office Properties Trust	69,800	2,100
Equity Residential Properties Trust	45,600	1,309
Total		3,409
Telecommunication Services (5.4%)		
ALLTEL Corporation	53,857	3,325
AT&T Corp.	593,738	10,770
*AT&T Wireless Services, Inc.	435,397	6,257
BellSouth Corporation	322,465	12,302
CenturyTel, Inc.	24,300	797
*Citizens Communications Company	49,100	523
*Nextel Communications, Inc. — Class A	131,650	1,443
*Qwest Communications International, Inc.	285,835	4,039
SBC Communications, Inc.	579,547	22,701
Sprint Corporation	152,509	3,062
*Sprint Corporation (PCS Group)	161,260	3,936
Verizon Communications, Inc.	465,442	22,090
*WorldCom, Inc. — WorldCom Group	496,914	6,997
Total		98,242
Utilities (3.0%)		
*The AES Corporation	91,600	1,498
Allegheny Energy, Inc.	21,500	779
Ameren Corporation	23,567	997
American Electric Power Company, Inc.	55,440	2,413
*Calpine Corporation	51,360	862
Cinergy Corp.	27,384	915
CMS Energy Corporation	22,700	545
Consolidated Edison, Inc.	36,450	1,471
Constellation Energy Group, Inc.	28,200	749
Dominion Resources, Inc.	44,995	2,704
DTE Energy Company	28,350	1,189
Duke Energy Corporation	132,830	5,215
Edison International	56,020	846
El Paso Corporation	87,571	3,907
Entergy Corporation	38,009	1,487
Exelon Corporation	55,212	2,644
FirstEnergy Corp.	51,165	1,790
FPL Group, Inc.	30,257	1,706
KeySpan Corporation	23,600	818
Kinder Morgan, Inc.	19,667	1,095
*Mirant Corporation	58,426	936
*Niagara Mohawk Holdings, Inc.	27,600	489
Nicor, Inc.	7,850	327
NiSource, Inc.	35,573	820
Peoples Energy Corporation	6,100	231
PG&E Corporation	66,625	1,282

Index 500 Stock Portfolio

Common Stock (98.9%)	Shares/ Par	Market Value (000's)
Utilities continued		
Pinnacle West Capital Corporation	14,600	\$ 611
PPL Corporation	25,134	876
Progress Energy, Inc.	37,392	1,684
Public Service Enterprise Group		
Incorporated	35,836	1,512
Reliant Energy, Inc.	51,162	1,357
Sempra Energy	35,402	869
The Southern Company	117,900	2,989
TECO Energy, Inc.	23,300	611
TXU Corp.	44,165	2,082
The Williams Companies, Inc.	88,500	2,259
Xcel Energy, Inc.	59,020	1,637
Total		54,202
Total Common Stock		
(Cost: \$1,343,480)		1,800,931

Money Market Investments (1.1%)

Federal Government and Agencies (0.3%)		
#Federal National Mortgage		
Association, 1.73%, 2/15/02	\$ 5,000,000	\$ 4,989
Total		4,989
Finance Services (0.5%)		
#Preferred Receivable Funding,		
1.85%, 2/4/02	10,000,000	9,983
Total		9,983

Money Market Investments (1.1%)	Shares/ Par	Market Value (000's)
Personal Credit Institutions (0.3%)		
#Variable Funding Capital,		
2.45%, 1/10/02	\$ 5,800,000	\$ 5,796
Total		5,796
Total Money Market		
Investments		
(Cost: \$20,768)		20,768
Total Investments (100.0%)		
(Cost \$1,364,248)^\		1,821,699
Other Assets, Less Liabilities		
(0.0%)		176
Total Net Assets (100.0%)		\$1,821,875

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$1,366,396 and the net unrealized appreciation of investments based on that cost was \$455,303 which is comprised of \$620,226 aggregate gross unrealized appreciation and \$164,923 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

* Non-Income Producing

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
S&P 500 Index			
Futures	72	3/02	\$118
(Total Notional Value at 12/31/01 \$20,568)			

The Accompanying Notes are an Integral Part of the Financial Statements

Asset Allocation Portfolio

Objective:

Realize highest total return, including current income and capital appreciation, consistent with reasonable investment risk

Portfolio Strategy:

Flexible policy of allocating assets among stocks, bonds and cash, with mix adjusted to capitalize on changing financial markets and economic conditions.

Net Assets:

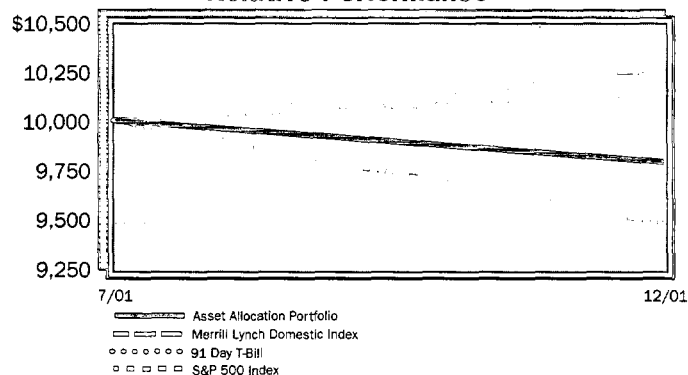
\$40.12 million

The Asset Allocation Portfolio invests in seven categories of assets: large capitalization stocks, small capitalization stocks, foreign stocks, investment grade bonds, below investment grade bonds, convertible securities and cash equivalents. The proportion of investments in each category is adjusted as appropriate to take advantage of market trends and opportunities, and securities within each category are actively managed by a team of investment professionals. The Portfolio is managed to maintain broad diversification, while blending asset classes to achieve both capital appreciation and current income.

For much of the last year, the Asset Allocation Portfolio has been managed defensively, in the belief that an increasingly fragile economy was likely to move into a recession. Bond holdings were concentrated in the high quality investment grade sector. As bonds provided higher returns than stocks for the year, the bond segment of the Portfolio was an important contributor to performance.

As stock prices moved down in the first half of 2001, despite aggressive easing by the Federal Reserve, The Portfolio's managers took advantage of periodic opportunities to selectively increase equity exposure, which reached 56% in early September. When the market reopened after September 11, the equity exposure was reduced, as a defensive move. Then, as a weak and volatile market created buying opportunities, equity exposure was increased. Further additions were made to the equity position as an economic recovery in 2002 began to seem more likely. At the end of 2001, with 59% of the portfolio in equities, the Portfolio was in a neutral position; the normal range of equity as a proportion of the total is 45% to 75%. This neutral position will likely be retained until there is clearer evidence of the timing and strength of the potential recovery.

Relative Performance



Total Return For Period Ended December 31, 2001

	Since Inception#
Asset Allocation Portfolio	-2.10%
S&P 500 Index	-5.20%
Merrill Lynch Domestic Master Index	2.40%
91-Day T Bill	1.39%

#Inception date of 7/31/01, returns not annualized

In the graph, the Fund is compared against three indices representing the three major components of the Fund: equities, fixed income and cash equivalent investments. The indices cannot be invested in directly and do not include sales charges.

The Merrill Lynch Domestic Master Index is an unmanaged market value weighted index comprised of U.S. government, mortgage and investment-grade corporate bonds. The Index measures the income provided by, and the price changes of, the underlying securities.

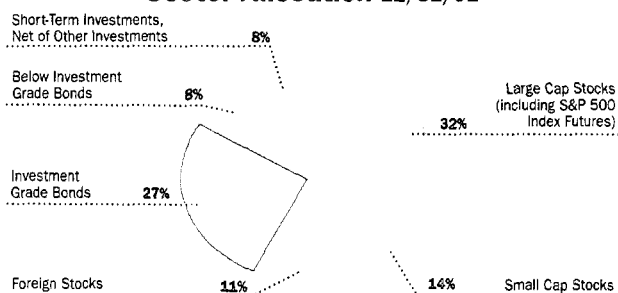
The Standard & Poor's 500® Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

The Merrill Lynch 91-Day Treasury Bill Index is comprised of a single issue purchased at the beginning of each month and held for a full month. The issue selected at each month-end rebalancing is the outstanding Treasury bill that matures closest to, but not beyond, three months from the rebalancing date.

This chart assumes an initial investment of \$10,000 made on 7/31/01 (commencement of operations). Returns shown include fee waivers and deductions for all Fund expenses. In the absence of fee waivers, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 2.

Investors should be aware of the risks of investments in foreign securities, particularly investments in securities of companies in developing nations. These include the risks of currency fluctuation, of political and economic instability and of less well-developed government supervision and regulation of business and industry practices, as well as differences in accounting standards. Small-cap stocks also may carry additional risk. Small or newer issuers are more likely to realize more substantial growth as well as suffer more significant losses than larger or more established issuers. Investments in such companies can be both more volatile and more speculative.

Sector Allocation 12/31/01



Asset Allocation Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Domestic Common Stocks and Warrants (32.3%)	Shares/ Par	Market Value (000's)
Large Cap Common Stock (18.5%)		
Consumer Discretionary (3.5%)		
*AOL Time Warner, Inc.	4,500	\$ 144
Fortune Brands, Inc.	2,100	83
Harley-Davidson, Inc.	3,300	179
The Home Depot, Inc.	2,200	112
*Kohl's Corporation	2,600	184
McDonald's Corporation	3,100	82
The McGraw-Hill Companies, Inc.	2,400	146
Newell Rubbermaid, Inc.	2,300	63
Omnicom Group, Inc.	1,100	98
Target Corporation	2,600	107
Tribune Company	1,800	67
Wal-Mart Stores, Inc.	3,100	178
Total		1,443
Consumer Staples (2.3%)		
Anheuser-Busch Companies, Inc.	2,800	127
The Coca-Cola Company	2,000	94
The Estee Lauder Companies, Inc. — Class A	3,200	103
General Mills, Inc.	1,500	78
Kimberly-Clark Corporation	1,400	84
Kraft Foods, Inc. — Class A	2,300	78
PepsiCo, Inc.	4,100	199
Walgreen Co.	4,800	162
Total		925
Energy (1.2%)		
ChevronTexaco Corporation	1,200	108
Conoco, Inc.	4,500	127
EOG Resources, Inc.	2,200	86
Exxon Mobil Corporation	3,900	153
Total		474
Financials (3.1%)		
American International Group, Inc.	1,800	143
The Bank of New York Company, Inc.	2,100	86
The Chubb Corporation	1,200	83
Citigroup, Inc.	3,700	187
Fifth Third Bancorp	2,900	179
Freddie Mac	1,900	124
Household International, Inc.	2,100	122
Lehman Brothers Holdings, Inc.	1,000	67
Morgan Stanley Dean Witter & Co.	600	34
Northern Trust Corporation	1,700	102
The PNC Financial Services Group, Inc.	2,000	112
Total		1,239

Large Cap Common Stock (18.5%)	Shares/ Par	Market Value (000's)
Health Care (2.5%)		
*Amgen, Inc.	2,100	\$ 119
Baxter International, Inc.	1,600	86
Bristol-Myers Squibb Company	900	46
Eli Lilly and Company	1,200	94
Johnson & Johnson	3,600	213
Medtronic, Inc.	3,100	159
Merck & Co., Inc.	1,900	112
Pfizer, Inc.	4,700	187
Total		1,016
Industrials (1.5%)		
Delta Air Lines, Inc.	900	26
General Electric Company	9,300	374
Tyco International, Ltd.	3,300	194
Total		594
Information Technology (2.5%)		
*Amdocs Limited	2,600	88
*Cisco Systems, Inc.	5,000	91
*Electronic Arts, Inc.	100	6
Electronic Data Systems Corporation	2,200	151
Intel Corporation	4,200	132
International Business Machines Corporation	1,000	121
*Microsoft Corporation	4,100	271
*Nokia Corp., ADR	1,300	32
*Sun Microsystems, Inc.	2,600	32
Texas Instruments Incorporated	2,100	59
Total		983
Materials (0.6%)		
Air Products and Chemicals, Inc.	2,000	94
Alcoa, Inc.	1,900	68
Ecolab, Inc.	2,400	96
Total		258
Printed Circuit Boards (0.1%)		
*Flextronics International, Ltd.	1,300	31
Total		31
Technology (0.5%)		
*QUALCOMM, Inc.	400	20
Semiconductor HOLDRS (SM) Trust	3,900	163
Total		183
Telecommunication Services (0.4%)		
SBC Communications, Inc.	1,900	75
Verizon Communications, Inc.	1,400	66
Total		141

Asset Allocation Portfolio

Large Cap Common Stock (18.5%)	Shares/ Par	Market Value (000's)
Utilities (0.3%)		
El Paso Corporation	1,600	\$ 72
*Mirant Corporation	3,400	54
Total		<u>126</u>
Total Large Cap Common Stock		<u>7,413</u>
Small Cap Common Stock (13.8%)		
Consumer Discretionary (2.3%)		
*Catalina Marketing Corporation	2,300	80
*CDW Computer Centers, Inc.	800	43
*Coach, Inc.	1,100	43
*Entercom Communications Corp. — Class A	600	30
*Getty Images, Inc.	1,400	32
The Gymboree Corporation	4,500	54
*Hispanic Broadcasting Corporation — Class A	200	5
*Jones Apparel Group, Inc.	1,100	36
*Lamar Advertising Company — Class A	1,300	55
Leggett & Platt Incorporated	3,900	90
*Michaels Stores, Inc.	3,000	99
*O'Reilly Automotive, Inc.	5,300	194
*Orient-Express Hotels, Ltd. — Class A	100	2
Stoneridge, Inc.	3,000	27
The Talbots, Inc.	1,000	36
*TMP Worldwide, Inc.	300	13
*Tommy Hilfiger Corporation	3,800	52
*Westwood One, Inc.	1,400	42
Total		<u>933</u>
Consumer Staples (0.1%)		
*Steiner Leisure Limited	1,800	38
Total		<u>38</u>
Energy (0.7%)		
*BJ Services Company	2,300	75
*Cal Dive International, Inc.	2,600	64
*Energy Partners, Ltd.	2,300	17
*Grant Prideco, Inc.	1,700	20
*Patterson-UTI Energy, Inc.	2,700	63
*Weatherford International, Inc.	1,100	41
Total		<u>280</u>
Financials (1.0%)		
GreenPoint Financial Corp.	1,400	50
Investors Financial Services Corp.	2,300	152
*Knight Trading Group, Inc. — Class A	1,300	14
Old Republic International Corporation	1,400	39
*Philadelphia Consolidated Holding Corp.	300	11
Radian Group, Inc.	1,200	52
SouthTrust Corporation	2,000	49
*Trammell Crow Company	3,300	39
Total		<u>406</u>

Small Cap Common Stock (13.8%)	Shares/ Par	Market Value (000's)
Health Care (3.0%)		
*AdvancePCS	2,100	\$ 62
*AMN Healthcare Services, Inc.	300	8
*Apogent Technologies, Inc.	1,800	46
*Cross Country, Inc.	500	13
D & K Healthcare Resources, Inc.	1,300	74
*DaVita, Inc.	9,100	223
*Health Management Associates, Inc. — Class A	2,900	53
*Lincare Holdings, Inc.	6,500	186
*Patterson Dental Company	4,400	180
*Province Healthcare Company	3,900	120
*Renal Care Group, Inc.	2,500	80
ResMed, Inc.	1,100	59
*Triad Hospitals, Inc.	1,800	53
*Universal Health Services, Inc. — Class B	1,300	56
Total		<u>1,213</u>
Industrials (3.7%)		
*The BISYS Group, Inc.	800	51
C.H. Robinson Worldwide, Inc.	2,300	67
*Charles River Associates Incorporated	1,700	35
Cintas Corporation	2,400	116
*Concord EFS, Inc.	3,300	108
*The Corporate Executive Board Company	2,500	92
*DST Systems, Inc.	1,800	90
Expeditors International of Washington, Inc.	1,000	57
*Fiserv, Inc.	4,500	190
*ITT Educational Services, Inc.	500	18
*Knight Transportation, Inc.	6,350	119
*Mettler-Toledo International, Inc.	1,000	52
*MSC Industrial Direct Co., Inc. — Class A	2,500	49
Paychex, Inc.	1,400	49
*Resources Connection, Inc.	1,700	45
*Robert Half International, Inc.	1,300	35
SkyWest, Inc.	1,100	28
*Swift Transportation Co., Inc.	1,400	30
Teleflex Incorporated	2,900	137
*Tetra Tech, Inc.	6,750	134
Total		<u>1,502</u>
Information Technology (2.7%)		
*Aspen Technology, Inc.	1,600	27
*BARRA, Inc.	900	42
*Credence Systems Corporation	3,000	56
*DDI Corp.	2,800	28
*EPIQ Systems, Inc.	2,450	47
*Intersil Corporation — Class A	900	29
*Keane, Inc.	1,400	25
*Micrel Incorporated	1,700	45
*Microchip Technology Incorporated	1,600	62
*MKS Instruments, Inc.	1,300	35
*Nassda Corporation	1,500	34
*Novellus Systems, Inc.	1,000	39
PerkinElmer, Inc.	1,000	35
*PRI Automation, Inc.	2,800	57

Asset Allocation Portfolio

Small Cap Common Stock (13.8%)	Shares/ Par	Market Value (000's)
Information Technology continued		
*QLogic Corporation	1,300	\$ 58
*Rational Software Corporation	2,300	45
*Renaissance Learning, Inc.	1,200	37
*Semtech Corporation	1,800	64
*SmartForce Public Limited Company, ADR	1,000	25
*UTStarcom, Inc.	4,700	134
*Varian, Inc.	3,200	104
*VeriSign, Inc.	800	30
*Zebra Technologies Corporation — Class A	100	6
Total		1,064
Technology (0.3%)		
*ADC Telecommunications, Inc.	10,000	46
*Advent Software, Inc.	1,100	55
Total		101
Telecommunications Wireless: Cellular/PCS (0.0%)		
IWO Holdings, Inc. 144A	50	3
Total		3
Total Technology		104
Total Small Cap Common Stock		5,540
Total Domestic Common Stocks and Warrants (Cost: \$12,849)		
		12,953

Foreign Common Stock (11.0%)

Automobiles & Other Motor Vehicles (0.4%)		
*Denway Motors Limited Hong Kong	189,100	\$ 59
*Fuji Heavy Industries, Ltd. Japan	7,000	30
*Honda Motor Co., Ltd. Japan	1,600	64
*PSA Peugeot Citroen France	1,060	45
Total		198
Bank Holding Companies (0.2%)		
Royal Bank of Scotland Group PLC United Kingdom	2,500	61
Total		61
Business Support Services (0.1%)		
*Serco Group PLC United Kingdom	11,250	60
Total		60
Catalog & Mail-Order Houses (0.1%)		
*Belluna Co., Ltd. Japan	1,700	58
Total		58

Foreign Common Stock (11.0%)	Country	Shares/ Par	Market Value (000's)
Commercial Banks (0.6%)			
*Anglo Irish Bank Corporation	Ireland	19,000	\$ 74
*Danske Bank A/S Bearer Shs	Denmark	3,900	63
*Lloyds TSB Group PLC	United Kingdom	6,900	74
*OTP Bank	Hungary	1,100	66
Total			277
Communication Services (0.2%)			
*Koninklijke (Royal) KPN NV	Netherlands	1,700	9
Nokia OYJ	Finland	2,500	64
Total			73
Computer Related Services (0.2%)			
*Nintendo Co., Ltd.	Japan	400	70
Total			70
Computers, Peripherals & Software (0.3%)			
*Sap AG	Germany	350	46
*Thiel Logistik AG	Germany	3,300	64
Total			110
Construction Machinery (0.1%)			
*Grupo Ferrovial	Spain	3,300	58
Total			58
Consumer Discretionary (0.5%)			
*Bayerische Motoren Werke (BMW) AG	Germany	1,700	60
Luxottica Group SPA, ADR	Italy	4,100	68
Royal Philips Electronics NV	Netherlands	2,000	59
Total			187
Consumer Staples (0.8%)			
Cadbury Schweppes PLC	United Kingdom	7,340	47
*Cott Corporation	Canada	3,400	54
Koninklijke Ahold NV	Netherlands	1,600	47
*Nestle SA	Switzerland	300	64
Nutreco Holding NV	Netherlands	1,140	36
Swedish Match AB	Sweden	10,500	56
Unilever PLC	United Kingdom	9,000	74
Total			378
Diversified Business Finance (0.1%)			
*Irish Life & Permanent PLC	United Kingdom	5,340	54
Total			54
Drilling Oil & Gas Wells (0.2%)			
Saipem SPA	Italy	14,000	69
Total			69

Asset Allocation Portfolio

Foreign Common Stock (11.0%)	Country	Shares/ Par	Market Value (000's)
Drugs (0.2%)			
*CSL Limited	Australia	1,930	\$ 51
*Novo Nordisk A/S	Denmark	1,100	45
Total			96
Electric Services (0.1%)			
*Nordex AG	Germany	5,480	33
Total			33
Electrical & Electronic Machinery, Equip. (0.1%)			
Aggreko PLC	United Kingdom	7,400	39
Total			39
Energy (0.4%)			
Total Fina Elf SA	France	460	65
Vestas Wind Systems A/S	Denmark	1,600	44
Vivendi Environment	France	1,500	50
Total			159
Engineering Services (0.2%)			
*ENI SPA	Italy	4,750	60
*Meggitt PLC	United Kingdom	13,700	38
Total			98
Engines & Turbines (0.2%)			
Berub AG	Germany	1,500	66
Total			66
Entertainers & Entertainment Groups (0.2%)			
Rank Group PLC	United Kingdom	22,500	75
Total			75
Finance (0.5%)			
BNP Paribas SA	France	650	58
Ing Groep NV	Netherlands	2,000	51
Royal Bank of Canada	Canada	2,200	72
Total			181
Finance Services (0.2%)			
*Man Group PLC	United Kingdom	100	2
*Van der Moolen Holding NV	Netherlands	2,200	63
Total			65
Financials (0.2%)			
Manulife Financial Corporation	Canada	2,500	65
Total			65
Grocery Stores (0.1%)			
*Lawson, Inc.	Japan	1,600	46
Total			46

Foreign Common Stock (11.0%)	Country	Shares/ Par	Market Value (000's)
Health Care (0.4%)			
*Elan Corporation PLC, ADR	Ireland	1,100	\$ 50
*GlaxoSmithKline PLC	United Kingdom	2,300	58
*Taro Pharmaceutical Industries, Ltd.	Israel	1,500	59
Total			167
Industrial Buildings & Warehouses (0.2%)			
*Technip	France	500	67
Total			67
Industrials (0.2%)			
Brisa-Auto Estradas de Portugal SA	Portugal	11,400	48
Vinci SA	France	780	46
Total			94
Insurance & Diversified Financial COS. (0.3%)			
*Corporacion Mapfre	Spain	7,200	42
*Swiss Reinsurance Co.	Switzerland	640	64
Total			106
Investment Offices (0.2%)			
Macquarie Infrastructure Group	Australia	40,000	72
Total			72
Jewelry Stores (0.2%)			
*Folli-Follie	Greece	3,500	62
Total			62
Life Insurance (0.0%)			
*Converium Holding AG	Switzerland	400	19
Total			19
Manufacturing Industries (0.1%)			
*Neopost SA	France	2,000	58
Total			58
Materials (0.2%)			
Norske Skogindustrier ASA	Norway	4,000	75
Total			75
Medical Materials & Hospital Equipment (0.2%)			
Synthes-Stratec, Inc.	Switzerland	100	70
Total			70
Miscellaneous Investing (0.2%)			
*Deutsche Boerse AG	Germany	1,600	63
Total			63

Asset Allocation Portfolio

Foreign Common Stock (11.0%)	Country	Shares/ Par	Market Value (000's)
Nonclassifiable Establishments (0.2%)			
*Logitech International- Reg	Switzerland	2,100	\$ 77
Total			77
Oil & Gas Field Machinery (0.2%)			
*IHC Caland NV	Netherlands	1,325	62
Total			62
Oil & Gas Field Services (0.1%)			
*TGS Nopec Geophysical Company ASA	Norway	3,000	42
Total			42
Paper & Allied Products (0.2%)			
*UPM-Kymmene OYJ	Finland	2,000	66
Total			66
Personal Credit Institutions (0.2%)			
*Baycorp Advantage	New Zealand	19,500	62
Total			62
Pharmaceuticals (0.1%)			
*Takeda Chemical Industries	Japan	1,000	45
Total			45
Retail-Retail Stores (0.0%)			
*KarstadtQuelle AG	Germany	100	4
Total			4
Sanitary Services (0.1%)			
*Sanix Incorporated	Japan	1,400	53
Total			53
Semiconductors & Related Devices (0.2%)			
*ASML Holding NV	Netherlands	3,700	64
Total			64
Soap, Cleaners, & Toilet Goods (0.1%)			
Reckitt Benckiser PLC	United Kingdom	3,440	50
Total			50
Telephone Communications (0.2%)			
*Tandberg ASA	Norway	3,400	76
Total			76
Tires & Tubes (0.2%)			
*Bridgestone Corporation	Japan	6,000	63
Total			63
Tobacco & Tobacco Products (0.1%)			
*Gallaher Group PLC	United Kingdom	7,650	52
Total			52

Foreign Common Stock (11.0%)	Country	Shares/ Par	Market Value (000's)
Transportation (0.1%)			
*Porsche AG-Pfd	Germany	140	\$ 53
Total			53
Utilities (0.2%)			
International Power PLC	United Kingdom	11,500	34
*Suez Lyonnaise des Eaux SA	France	1,500	45
Total			79
Water Supply (0.0%)			
*Vivendi Environnement	France	1,500	1
Total			1
Wholesale-Apparel, Piece Goods, Notions (0.2%)			
*Esprit Holdings Limited	Hong Kong	53,800	61
Total			61
Women's Accessory & Specialty Stores (0.2%)			
*Shiseido Company Limited	Japan	8,000	74
Total			74
Total Foreign Common Stock (Cost: \$4,578)			4,413

Preferred Securities (0.2%)

Technology (0.2%)

Telecommunications Wireless: Towers (0.1%)

**Crown Castle International Corp.	520	29
Total		29

Telecommunications Wireline: CLEC (0.1%)

**Intermedia Communications, Inc.	520	54
Total		54

Total Preferred Securities (Cost: \$98)

83

Investment-Grade Bonds (27.2%)

Aerospace & Defense (0.5%)

Boeing Company, 8.75%, 9/15/31	\$ 150,000	181
Total		181

Auto Related (0.2%)

General Motors Acceptance Corporation, 6.875%, 9/15/11	100,000	98
Total		98

Asset Allocation Portfolio

Investment-Grade Bonds (27.2%)	Shares/ Par	Market Value (000's)
Beverages, Malt Beverages (0.4%)		
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12	\$ 23,000	\$ 26
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06	75,000	76
Coca-Cola Enterprises, Inc., 6.125%, 8/15/11	75,000	75
Total		177
Chemicals & Allied Products (0.3%)		
Dow Chemical, 6.125%, 2/1/11	100,000	101
Total		101
Crude Petroleum & Natural Gas (1.0%)		
El Paso Energy Corporation, 7.80%, 8/1/31	200,000	202
Occidental Petroleum, 6.75%, 1/15/12	200,000	201
Total		403
Federal Government & Agencies (20.7%)		
Federal National Mortgage Association, 1.75%, 2/11/02	300,000	299
GNMA TBA, 6.00%, 1/24/25	2,000,000	1,963
Housing & Urban Development, 6.08%, 8/1/13	100,000	100
US Treasury, 3.50%, 11/15/06	1,250,000	1,205
US Treasury, 3.875%, 7/31/03	1,410,000	1,436
US Treasury, 4.625%, 5/15/06	1,125,000	1,141
US Treasury, 6.125%, 8/15/07	750,000	807
US Treasury Inflation Indexed Bond, 5.00%, 2/15/11	53,000	53
US Treasury Inflation Indexed Bond, 5.00%, 8/15/11	500,000	499
US Treasury Inflation Indexed Bond, 5.75%, 11/30/02	750,000	775
Total		8,278
Foods (0.6%)		
Conagra Foods, Inc., 6.75%, 9/15/11	100,000	102
Sara Lee Corporation, 6.25%, 9/15/11	150,000	152
Total		254
Motor Vehicle Parts/Accessories (0.7%)		
TRW, Inc., 7.125%, 6/1/09	190,000	188
TRW, Inc., 7.75%, 6/1/29	88,000	84
Total		272
Motors & Generators (0.3%)		
Emerson Electric Co., 5.75%, 11/1/11	127,000	123
Total		123
Office Machines (0.2%)		
Pitney Bowes Credit Corp., 5.75%, 8/15/08	100,000	100
Total		100

Investment-Grade Bonds (27.2%)	Shares/ Par	Market Value (000's)
Oil & Gas Field Services (0.4%)		
Conoco Funding Co., 6.35%, 10/15/11	\$ 150,000	\$ 151
Total		151
Pharmaceuticals (0.8%)		
American Home Products Corporation, 6.70%, 3/15/11	150,000	155
Bristol-Myers Squibb, 5.75%, 10/1/11	150,000	149
Total		304
Retail-Misc Shopping Goods Stores (0.5%)		
Wal-Mart Stores, Inc., 5.45%, 8/1/06	200,000	205
Total		205
Tobacco Products (0.6%)		
Philip Morris Companies, Inc., 7.75%, 1/15/27	250,000	259
Total		259
Total Investment-Grade Bonds (Cost: \$10,887)		10,906
Below Investment-Grade Bonds (8.0%)		
Basic Materials (0.1%)		
Appleton Papers, Inc., 12.50%, 12/15/08 144A	50,000	48
Total Basic Materials		48
Capital Goods (0.3%)		
Building — Forest Products (0.1%)		
Potlatch Corporation, 10.00%, 7/15/11 144A	50,000	52
Total		52
Building & Construction (0.2%)		
Encompass Services Corp., 10.50%, 5/4/12 144A	50,000	33
Integrated Electrical Services, Inc., Series B, 9.375%, 2/1/09	50,000	44
Total		77
Total Capital Goods		129
Commercial Printing (0.1%)		
Mail-Well I Corp., 8.75%, 12/15/08	50,000	39
Total Commercial Printing		39
Consumer Cyclical (1.5%)		
Home Construction (0.1%)		
Schuler Homes, 9.375%, 7/15/09 144A	50,000	52
Total		52

Asset Allocation Portfolio

Below Investment-Grade Bonds (8.0%)	Shares/ Par	Market Value (000's)
Household Appliances (0.3%)		
Rent-A-Center, Inc., 11.00%, 8/15/08	\$ 50,000	\$ 51
Salton, Inc., 12.25%, 4/15/08	50,000	50
Total		101
Lodging/Resorts (0.1%)		
Vail Resorts, Inc., 8.75%, 5/15/09 144A	25,000	24
Total		24
Printing & Publishing (0.1%)		
Primedia, Inc., 8.875%, 5/15/11	50,000	45
Total		45
Retail — General (0.9%)		
Advance Stores Company, Inc., 10.25%, 4/15/08 144A	50,000	51
Airgas, Inc., 9.125%, 10/1/11	50,000	53
Autonation, Inc., 9.00%, 8/1/08	25,000	25
Buhrmann U.S., Inc., 12.25%, 11/1/09	50,000	50
Coinmach Corporation, 11.75%, 11/15/05	50,000	51
CSK Auto, Inc., 12.00%, 6/15/06 144A	50,000	50
Saks Incorporated, 8.25%, 11/15/08	50,000	45
Sonic Automotive, Inc., 11.00%, 8/1/08 144A	50,000	52
Total		377
Total Consumer Cyclical		599
Consumer Staples (1.6%)		
Containers (0.1%)		
Applied Extrusion Tech, Inc., 10.75%, 7/1/11	50,000	53
Total		53
Food Retailers (0.1%)		
Great Atlantic & Pacific Tea Co., 9.125%, 12/15/11	25,000	25
Ingles Markets, Inc., 8.875%, 12/1/11 144A	30,000	29
Total		54
Food Service (0.1%)		
Sbarro, Inc., 11.00%, 9/15/09	25,000	24
Total		24
Gaming (1.1%)		
Choctaw Resort Development, 9.25%, 4/1/09	50,000	51
Herbst Gaming, Inc., 10.75%, 9/1/08 144A	50,000	52
Hollywood Casino, 11.25%, 5/1/07	50,000	55
Hollywood Casino Shreveport, 13.00%, 8/1/06	50,000	45

Below Investment-Grade Bonds (8.0%)	Shares/ Par	Market Value (000's)
Gaming continued		
Las Vegas Sands, Inc., 12.25%, 11/15/04	\$ 40,000	\$ 40
Majestic Investments Holdings, 11.653%, 11/30/07 144A	50,000	48
Mandalay Resort Group, 10.25%, 8/1/07	50,000	52
MGM Mirage, Inc., 9.75%, 6/1/07	25,000	26
Wheeling Island Gaming, 10.125%, 12/15/09 144A	50,000	51
Total		420
Healthcare (0.1%)		
Insight Health Services, 9.875%, 11/1/11 144A	50,000	52
Total		52
Soaps & Toiletries (0.1%)		
Elizabeth Arden, Inc., 11.75%, 2/1/11	50,000	51
Total		51
Total Consumer Staples		654
Energy (0.2%)		
Oil Field Services (0.1%)		
Hanover Equipment Trust, 8.75%, 9/1/11 144A	25,000	26
Total		26
Refining (0.1%)		
Tesoro Petroleum Corporation, 9.625%, 11/1/08 144A	50,000	52
Total		52
Total Energy		78
Finance (0.5%)		
Banks (0.1%)		
Sovereign Bancorp, 10.50%, 11/15/06	50,000	53
Total		53
Finance Companies (0.4%)		
AmeriCredit Corp., 9.875%, 4/15/06	25,000	24
Finova Group, Inc., 7.50%, 11/15/09	50,000	21
IOS Capital, Inc., 9.75%, 6/15/04	50,000	50
Metris Companies, Inc., 10.125%, 7/15/06	50,000	48
Total		143
Total Finance		196
Miscellaneous (0.1%)		
Istar Financial, Inc., 8.75%, 8/15/08	50,000	50
Total Miscellaneous		50

Asset Allocation Portfolio

Below Investment-Grade Bonds (8.0%)	Shares/ Par	Market Value (000's)
Finance Companies continued		
Real Estate Agents & Managers (0.2%)		
CB Richards Ellis Services, Inc., 11.25%, 6/15/11	\$ 75,000	\$ 64
Total Real Estate Agents & Managers		64
Technology (1.7%)		
Cable (0.3%)		
Adelphia Communications, 10.25%, 6/15/11	50,000	50
EchoStar Broadband Corp., 10.375%, 10/1/07	50,000	51
Telewest Communications PLC, 9.875%, 2/1/10	50,000	35
Total		136
Telecommunications Wireless: Cellular/PCS (1.0%)		
Alamosa Delaware, Inc., 12.50%, 2/1/11	50,000	51
Charter Communications Holdings LLC, 9.625%, 11/15/09	50,000	51
Dobson Communications Corporation, 10.875%, 7/1/10	50,000	52
Horizon PCS, Inc., 13.75%, 6/15/11 144A	25,000	25
†IPCS, Inc., 14.00%, 7/15/10	25,000	17
IWO Holdings, Inc., 14.00%, 1/15/11	50,000	51
Nextel Communications, Inc., 9.375%, 11/15/09	50,000	40
Tritel PCS, Inc., 10.375%, 1/15/11	50,000	56
Triton PCS, Inc., 8.75%, 11/15/11 144A	25,000	25
Total		368
Telecommunications Wireless: Towers (0.4%)		
American Tower Corp., 9.375%, 2/1/09	50,000	40
Crown Castle International Corp., 9.375%, 8/1/11	50,000	46
SBA Communications Corp., 10.25%, 2/1/09	50,000	43
†Spectrasite Holdings, Inc., 12.875%, 3/15/10	100,000	23
Total		152
Telecommunications Wireline: Long Haul (0.0%)		
††Global Crossing Holdings, Ltd., 9.50%, 11/15/09	50,000	6
Total		6
Total Technology		662
Transport & Other Services (0.7%)		
Professional Services (0.2%)		
Kindercare Learning Centers, 9.50%, 2/15/09	75,000	72
Total		72
Railroads (0.1%)		
RailAmerica Transportation Corp., 12.875%, 8/15/10	50,000	51
Total		51

Below Investment-Grade Bonds (8.0%)	Shares/ Par	Market Value (000's)
Trucking & Shipping (0.4%)		
North American Van Lines, 13.375%, 12/1/09 144A	\$ 50,000	\$ 48
Stena AB, 10.50%, 12/15/05	50,000	50
Teekay Shipping Corporation, 8.875%, 7/15/11 144A	50,000	51
Total		149
Total Transport & Other Services		272
Utilities (1.0%)		
Utility — Electric (0.5%)		
The AES Corporation, 8.875%, 2/15/11	50,000	44
Calpine Canada Energy, 8.50%, 5/1/08	25,000	23
Calpine Corporation, 8.625%, 8/15/10	50,000	45
Edison Mission Energy, 10.00%, 8/15/08	50,000	51
Orion Power Holdings, Inc., 12.00%, 5/1/10	50,000	59
Total		222
Utility — Garbage Disposal (0.1%)		
Allied Waste North America, Inc., 8.50%, 12/1/08 144A	50,000	51
Total		51
Utility — Gas (0.3%)		
Amerigas Partners LP/Eagle Fin., 8.875%, 5/20/11	50,000	52
EOTT Energy Partners LP, 11.00%, 10/1/09	50,000	50
Total		102
Utility — Water (0.1%)		
Azurix Corp., Series B, 10.75%, 2/15/10	50,000	35
Total		35
Total Utilities		410
Total Below Investment-Grade Bonds (Cost: \$3,269)		3,201
Short-Term Investments (25.6%)		
Electric Utilities (2.7%)		
#National Rural Utility Co., 2.01%, 1/25/02	1,100,000	1,099
Total		1,099
Electrical Equipment & Supplies (1.5%)		
General Electric Capital, 1.73%, 1/2/02	600,000	600
Total		600
Federal & Federally-Sponsored Credit (1.2%)		
#Federal National Mortgage Association, 1.73%, 2/15/02	200,000	200
#Federal National Mortgage Association, 1.85%, 1/3/02	300,000	300
Total		500

Asset Allocation Portfolio

	Shares/ Par	Market Value (000's)
Short-Term Investments (25.6%)		
Finance Services (3.0%)		
#Preferred Receivable Funding, 1.85%, 2/4/02	\$1,200,000	\$ 1,198
Total		1,198
Miscellaneous Business Credit Institutions (3.0%)		
#John Deere Capital Corp., 1.90%, 1/18/02	1,200,000	1,199
Total		1,199
Personal Credit Institutions (6.0%)		
#American Express Credit, 2.14%, 1/25/02	1,200,000	1,198
#Household Finance Corp., 2.12%, 1/17/02	1,200,000	1,199
Total		2,397
Pharmaceuticals (3.0%)		
American Home Products, 1.90%, 2/4/02	1,200,000	1,198
Total		1,198
Security Brokers and Dealers (2.5%)		
Salomon Smith Barney Holdings, 1.78%, 1/15/02	1,000,000	999
Total		999
Tobacco and Tobacco Products (2.7%)		
Philip Morris, 1.86%, 1/11/02	1,100,000	1,099
Total		1,099
Total Short-Term Investments (Cost: \$10,289)		10,289
Total Investments (104.3%) (Cost \$41,970)^\		41,845
Other Assets, Less Liabilities (-4.3%)		(1,729)
Total Net Assets (100.0%)		\$40,116

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$41,997 and the net unrealized depreciation of investments based on that cost was \$152 which is comprised of \$924 aggregate gross unrealized appreciation and \$1,076 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

* Non-Income Producing

† Step bond security that presently receives no coupon payments. At the predetermined date the stated coupon rate becomes effective.

†† Defaulted security

** PIK — Payment In Kind

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
S&P 500 Index Futures (Total Notional Value at 12/31/01 \$5,715)	20	3/02	\$31

The Accompanying Notes are an Integral Part of the Financial Statements

Balanced Portfolio

Objective:

A high level of current income and capital growth with a low risk profile

Portfolio Strategy:

Achieve consistent returns and low volatility by diversifying among assets.

Net Assets:

\$3.01 billion

In order to capitalize on changing financial market and economic conditions, the Balanced Portfolio's asset allocation is adjusted as appropriate among three investment classes: stocks, bonds and money market instruments. The equity portion of the Portfolio is indexed, meaning that the Portfolio is designed to achieve results that approximate the performance of the Standard & Poor's 500 Composite Stock Price Index, which is generally regarded as a good proxy for the overall U.S. equity market. The bond portion of the Portfolio is actively managed, with investments in high quality bonds adjusted frequently as to maturity, market sectors and duration. Liquidity is maintained by holding a portion of the Portfolio in money market investments, which are high quality short-term debt securities.

The target asset mix for the Balanced Portfolio is established and adjusted according to an asset valuation model designed to gauge the relative attractiveness of stocks versus bonds. In the highly volatile equity market of 2001, the Portfolio's managers took advantage of opportunities to sell on strength and buy on weakness. Accordingly, the equity position was reduced after the rally early in the year, adjusted frequently during the summer months, and increased when the market plunged at the end of the third quarter.

Performance was boosted by excellent results from the bond portion of the Portfolio, which is managed actively, with a strategy very similar to that of the Select Bond Portfolio. Bonds as a whole provided higher returns than stocks for the second consecutive year, and the Portfolio benefited from the bond managers' correct positioning with regard to duration and market sectors throughout the year.

Percentage Holdings 12/31/01

Short-Term Investments &
Other Net Assets

4%

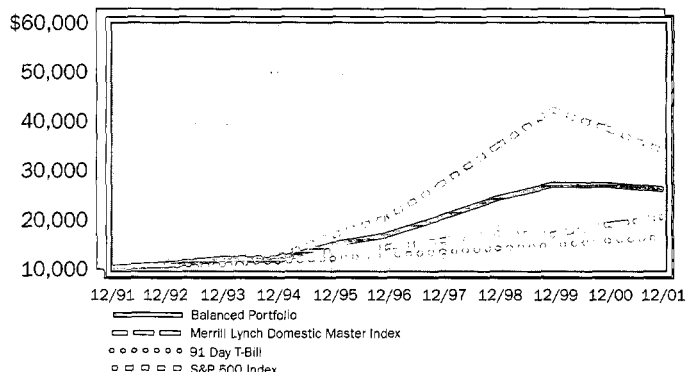
Equities (including
index futures)

54%

Bonds

42%

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2001

	1 Year	5 Years	10 Years
Balanced Portfolio	-3.15%	9.21%	9.98%
Merrill Lynch Domestic Master Index	8.33%	7.43%	7.29%
Merrill Lynch 91 Day T-Bill Index	4.42%	5.20%	4.86%
S&P 500 Index	-11.83%	10.71%	12.90%

In the graph, the Portfolio is compared against three indices representing the three major components of the Portfolio: equities, fixed income, and cash equivalent investments.

The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is heavily weighted toward stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks.

The Merrill Lynch Domestic Master Index is an unmanaged market value weighted index comprised of U.S. Government, mortgage and investment-grade corporate bonds. The index measures the income provided by, and the price changes of, the underlying securities.

The Merrill Lynch 91-Day T-Bill Index is comprised of a single issue purchased at the beginning of each month and held for a full month. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date.

This chart assumes an initial investment of \$10,000 made on 12/31/91. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Balanced Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

	Shares/ Par	Market Value (000's)		Shares/ Par	Market Value (000's)
Corporate Bonds (9.9%)			Corporate Bonds (9.9%)		
Aerospace-Defense (0.5%)			Copper Ores (0.2%)		
Boeing Capital Corporation, 6.10%, 3/1/11	\$ 6,000,000	\$ 5,832	Phelps Dodge Corp., 9.50%, 6/1/31	\$ 5,000,000	\$ 4,629
Boeing Company, 8.75%, 9/15/31	650,000	786	Total		4,629
Lockheed Martin Corporation, 8.20%, 12/1/09	7,450,000	8,383	Crude Petroleum & Natural Gas (0.3%)		
Total		15,001	El Paso Energy Corporation, 7.80% 8/1/31	10,200,00	10,293
Auto Related (0.8%)			Total		10,293
General Motors Acceptance Corporation, 6.875%, 9/15/11	1,600,000	1,567	Department Stores (0.3%)		
General Motors Acceptance Corporation, 7.25%, 3/2/11	12,750,000	12,802	Target Corporation, 7.00%, 7/15/31	9,000,000	9,461
Toyota Motor Credit Corporation, 5.65%, 1/15/07	9,750,000	9,840	Total		9,461
Total		24,209	Electric Services (1.0%)		
Bank Holding Companies (0.2%)			Atlantic City Electric, 6.625%, 8/1/13	4,000,000	3,869
Banco Montevideo, 8.40%, 4/30/08 144A	6,250,000	6,063	Exelon Generation Co. LLC, 6.95%, 6/15/11 144A	6,787,000	6,882
Total		6,063	Ohio Edison Company, 7.375%, 9/15/02	3,665,000	3,762
Beverages, Malt Beverages (1.3%)			Public Service Electric & Gas Co., 6.875%, 1/1/03	9,000,000	9,273
Anheuser-Busch Companies, Inc., 7.00%, 12/1/25	4,800,000	4,897	South Carolina Electric & Gas, 6.125%, 3/1/09	3,000,000	3,005
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12	910,000	1,021	Texas Utilities Electric Co., 7.875%, 3/1/23	4,000,000	4,087
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06	4,175,000	4,227	Total		30,878
Coca-Cola Enterprises, Inc., 5.75%, 3/15/11	10,000,000	9,888	Foods (0.3%)		
Coca-Cola Enterprises, Inc., 6.125%, 8/15/11	3,924,000	3,949	Conagra Foods, Inc., 6.75%, 9/15/11	4,900,000	5,006
Coca-Cola Enterprises, Inc., 8.00%, 1/4/05	8,750,000	9,620	Sara Lee Corporation, 6.25%, 9/15/11	3,350,000	3,400
Fosters Finance Corporation, 6.875%, 6/15/11 144A	8,000,000	8,233	Total		8,406
Total		41,835	Foreign Government Bonds (0.3%)		
Broad Woven Fabric Mills, Manmade (0.0%)			Province of Quebec, 6.50%, 1/17/06	7,500,000	7,887
††Polysindo International Finance, 11.375%, 6/15/06	6,500,000	780	Total		7,887
Total		780	Groceries, General Line (0.3%)		
Commercial Banks (0.3%)			Safeway, Inc., 6.50%, 3/1/11	10,000,000	10,196
Bank of America Corporation, 7.40%, 1/15/11	2,668,000	2,861	Total		10,196
Wells Fargo Bank, 6.45%, 2/1/11	4,850,000	4,952	Metal Mining (0.1%)		
Total		7,813	Rio Tinto Finance, Ltd., 5.75%, 7/3/06	2,500,000	2,531
			Total		2,531

Balanced Portfolio

Corporate Bonds (9.9%)	Shares/ Par	Market Value (000's)
Motor Vehicle Parts/Accessories (0.4%)		
TRW, Inc., 7.125%, 6/1/09	\$ 6,190,000	\$ 6,108
TRW, Inc., 7.75%, 6/1/29	6,290,000	6,033
Total		<u>12,141</u>
Motors & Generators (0.2%)		
Emerson Electric Co., 5.75%, 11/1/11	5,115,000	4,956
Total		<u>4,956</u>
Office Machines (0.2%)		
Pitney Bowes Credit Corp., 5.75%, 8/15/08	5,000,000	4,978
Total		<u>4,978</u>
Oil & Gas Exploration Services (0.2%)		
Consolidated Natural Gas, Inc., 6.25%, 11/1/11	5,000,000	4,893
Total		<u>4,893</u>
Oil & Gas Extraction (0.2%)		
Chevron Corporation, 6.625%, 10/1/04	4,750,000	5,055
Total		<u>5,055</u>
Oil & Gas Field Services (0.2%)		
Conoco Funding Company, 6.35%, 10/15/11	2,850,000	2,875
Conoco Funding Company, 7.25%, 10/15/31	3,000,000	3,167
Total		<u>6,042</u>
Pharmaceuticals (1.5%)		
American Home Products Corporation, 6.70%, 3/15/11	11,000,000	11,398
Bristol-Myers Squibb, 5.75%, 10/1/11	12,050,000	11,935
Eli Lilly & Co., 5.50%, 07/15/06	6,000,000	6,112
Johnson & Johnson, 6.625%, 9/1/09	2,800,000	2,972
Merck & Co., Inc., 5.95%, 12/1/28	5,750,000	5,419
Pfizer, Inc., 5.625%, 2/1/06	11,300,000	11,619
Total		<u>49,455</u>
Plastics Materials & Resins (0.3%)		
Dow Capital BV, 8.50%, 6/8/10	8,200,000	9,003
Total		<u>9,003</u>
Retail-Misc Shopping Goods Stores (0.1%)		
Wal-Mart Canada, 5.58%, 5/1/06 144A	2,000,000	2,067
Total		<u>2,067</u>

Corporate Bonds (9.9%)	Shares/ Par	Market Value (000's)
Tobacco Products (0.6%)		
Philip Morris Companies, Inc., 7.75%, 1/15/27	\$ 16,800,000	\$ 17,418
Total		<u>17,418</u>
Transportation Services (0.1%)		
United Parcel Service, 8.375%, 4/1/20	1,750,000	2,036
Total		<u>2,036</u>
Total Corporate Bonds (Cost: \$297,404)		<u>298,026</u>
Government (Domestic and Foreign) and Agency Bonds (27.0%)		
Federal Government & Agencies (27.0%)		
Aid-Israel, 0.00%, 11/15/22	11,600,000	2,991
Aid-Israel, 0.00%, 11/15/23	11,500,000	2,791
Fannie Mae Strip, 6.00%, 1/25/29 IO	36,961,445	10,187
Federal Home Loan Bank, 5.54%, 1/8/09	5,000,000	5,037
Federal Home Loan Mortgage Corporation, 6.50%, 4/1/11	8,422,412	8,662
Federal Home Loan Mortgage Corporation, 7.00%, 3/15/07	4,459,998	4,607
Federal Home Loan Mortgage Corporation, 7.50%, 10/1/27	7,467,032	7,761
Federal National Mortgage Association, 1.75%, 2/11/02	1,000,000	998
Federal National Mortgage Association, 5.97%, 10/1/08	1,699,164	1,734
Federal National Mortgage Association, 6.00%, 10/25/28	32,000,000	9,540
Federal National Mortgage Association, 6.24%, 2/1/06	4,713,608	4,927
Federal National Mortgage Association, 6.265%, 10/1/08	5,535,780	5,729
Federal National Mortgage Association, 6.315%, 3/1/06	4,979,632	5,217
Federal National Mortgage Association, 6.34%, 2/1/08	4,011,116	4,169
Federal National Mortgage Association, 6.43%, 6/1/08	7,065,731	7,372
Federal National Mortgage Association, 6.50%, 9/25/05	3,452,356	3,514
Federal National Mortgage Association, 6.75%, 11/1/07	2,992,754	3,166
Federal National Mortgage Association, 6.75%, 4/25/18	4,920,745	5,107
Federal National Mortgage Association, 6.75%, 12/25/23	6,500,000	6,588
Federal National Mortgage Association, 6.835%, 7/1/03	2,845,960	2,886
Federal National Mortgage Association, 6.895%, 5/1/06	5,840,857	6,231

Balanced Portfolio

Government (Domestic and Foreign) and Agency Bonds (27.0%)	Shares/ Par	Market Value (000's)
Federal Government & Agencies continued		
Federal National Mortgage Association, 6.90%, 4/1/06	\$ 2,355,657	\$ 2,513
Federal National Mortgage Association, 7.00%, 6/1/03	1,257,635	1,293
Federal National Mortgage Association, 7.00%, 6/25/10	6,838,870	6,892
Federal National Mortgage Association, 7.00%, 4/1/26	9,176,814	9,409
Federal National Mortgage Association, 7.025%, 9/1/05	1,872,160	2,000
Federal National Mortgage Association, 7.12%, 11/1/03	951,405	995
Federal National Mortgage Association, 7.25%, 5/1/04	1,520,260	1,608
Federal National Mortgage Association, 8.40%, 2/25/09	10,847,662	11,244
Federal National Mortgage Association, 11.00%, 12/1/12	53,809	62
Federal National Mortgage Association, 11.00%, 9/1/17	446,766	514
Federal National Mortgage Association, 11.00%, 12/1/17	80,184	92
Federal National Mortgage Association, 11.00%, 2/1/18	189,291	218
Federal National Mortgage Association, 11.50%, 4/1/18	256,278	298
Federal National Mortgage Association, 12.00%, 9/1/12	469,797	547
Federal National Mortgage Association, 12.00%, 12/1/12	114,957	135
Federal National Mortgage Association, 12.00%, 9/1/17	146,476	172
Federal National Mortgage Association, 12.00%, 10/1/17	147,586	174
Federal National Mortgage Association, 12.00%, 12/1/17	119,274	140
Federal National Mortgage Association, 12.00%, 2/1/18	208,199	245
Federal National Mortgage Association, 12.50%, 4/1/18	128,191	152
Federal National Mortgage Association, 13.00%, 11/1/12	76,659	91
Federal National Mortgage Association, 13.00%, 11/1/17	96,551	116
Federal National Mortgage Association, 13.00%, 12/1/17	109,521	131
Federal National Mortgage Association, 13.00%, 2/1/18	208,139	249
Federal National Mortgage Association, 14.00%, 12/1/17	66,280	81
Government National Mortgage Association, 7.00%, 5/15/23	6,529,273	6,728
Government National Mortgage Association, 7.00%, 6/15/23	452,136	466
Government National Mortgage Association, 7.00%, 7/15/23	658,784	679

Government (Domestic and Foreign) and Agency Bonds (27.0%)	Shares/ Par	Market Value (000's)
Federal Government & Agencies continued		
Government National Mortgage Association, 7.00%, 8/15/23	\$ 7,288	\$ 8
Government National Mortgage Association, 7.00%, 9/15/23	254,507	263
Government National Mortgage Association, 7.00%, 10/15/23	245,772	253
Government National Mortgage Association, 7.00%, 11/15/23	958,920	987
Government National Mortgage Association, 7.00%, 12/15/27	258,960	265
Government National Mortgage Association, 7.00%, 1/15/28	275,214	282
Government National Mortgage Association, 7.00%, 2/15/28	93,145	95
Government National Mortgage Association, 7.00%, 3/15/28	96,177	98
Government National Mortgage Association, 7.00%, 4/15/28	504,306	516
Government National Mortgage Association, 7.00%, 5/15/28	897,454	918
Government National Mortgage Association, 7.00%, 6/15/28	2,589,222	2,649
Government National Mortgage Association, 7.00%, 7/15/28	3,125,729	3,199
Government National Mortgage Association, 7.50%, 1/15/23	380,694	398
Government National Mortgage Association, 7.50%, 6/15/23	214,291	224
Government National Mortgage Association, 7.50%, 6/15/24	5,076	5
Government National Mortgage Association, 7.50%, 7/15/24	202,957	212
Government National Mortgage Association, 7.50%, 8/15/25	8,326	9
Government National Mortgage Association, 7.50%, 9/15/25	136,179	142
Government National Mortgage Association, 7.50%, 11/15/25	5,885	6
Government National Mortgage Association, 7.50%, 12/15/25	262,759	274
Government National Mortgage Association, 7.50%, 1/15/26	7,552	8
Government National Mortgage Association, 7.50%, 3/15/26	267,601	279
Government National Mortgage Association, 7.50%, 6/15/26	568,830	592
Government National Mortgage Association, 7.50%, 9/15/26	8,072	8
Government National Mortgage Association, 7.50%, 10/15/26	44,506	46
Government National Mortgage Association, 7.50%, 12/15/26	446,652	465
Government National Mortgage Association, 7.50%, 1/15/27	27,570	28
Government National Mortgage Association, 7.50%, 2/15/27	241,356	251

Balanced Portfolio

Government (Domestic and Foreign) and Agency Bonds (27.0%)	Shares/ Par	Market Value (000's)
Federal Government & Agencies continued		
Government National Mortgage Association, 7.50%, 3/15/27	\$ 21,806	\$ 23
Government National Mortgage Association, 7.50%, 4/15/27	856,335	891
Government National Mortgage Association, 7.50%, 5/15/27	320,670	334
Government National Mortgage Association, 7.50%, 7/15/27	357,280	372
Government National Mortgage Association, 7.50%, 12/15/27	99,269	103
Government National Mortgage Association, 7.50%, 7/15/28	159,498	166
Government National Mortgage Association, 8.00%, 9/15/24	174,392	185
Government National Mortgage Association, 8.00%, 3/15/26	12,872	14
Government National Mortgage Association, 8.00%, 5/15/26	253,054	268
Government National Mortgage Association, 8.00%, 6/15/26	275,128	291
Government National Mortgage Association, 8.00%, 7/15/26	486,979	516
Government National Mortgage Association, 8.00%, 8/15/26	180,208	191
Government National Mortgage Association, 8.00%, 9/15/26	211,084	223
Government National Mortgage Association, 8.00%, 10/15/26	404,153	428
Government National Mortgage Association, 8.00%, 11/15/26	178,580	189
Government National Mortgage Association, 8.00%, 12/15/26	187,794	199
Government National Mortgage Association, 8.00%, 4/15/27	440,729	464
Government National Mortgage Association, 8.00%, 6/15/27	119,276	126
Government National Mortgage Association, 8.00%, 7/15/27	99,033	104
Government National Mortgage Association, 8.00%, 7/20/28	1,066,666	1,115
Government National Mortgage Association, 8.50%, 5/15/22	2,224	2
Government National Mortgage Association, 8.50%, 9/15/22	1,989	2
Government National Mortgage Association, 8.50%, 10/15/22	15,878	18
Government National Mortgage Association, 8.50%, 12/15/22	10,009	11
Government National Mortgage Association, 8.50%, 6/15/24	5,856	6
Government National Mortgage Association, 8.50%, 7/15/24	8,434	9

Government (Domestic and Foreign) and Agency Bonds (27.0%)	Shares/ Par	Market Value (000's)
Federal Government & Agencies continued		
Government National Mortgage Association, 8.50%, 8/15/24	\$ 23,409	\$ 25
Government National Mortgage Association, 8.50%, 12/15/24	3,922	4
Government National Mortgage Association, 8.50%, 1/15/25	41,937	45
Government National Mortgage Association, 8.50%, 2/15/25	34,574	37
Government National Mortgage Association, 8.50%, 11/15/25	4,906	5
Government National Mortgage Association, 8.50%, 1/15/26	24,033	26
Government National Mortgage Association, 8.50%, 2/15/26	1,944	2
Government National Mortgage Association, 8.50%, 3/15/26	9,672	10
Government National Mortgage Association, 8.50%, 4/15/26	42,129	45
Government National Mortgage Association, 8.50%, 5/15/26	9,999	11
Government National Mortgage Association, 11.00%, 1/15/18	3,845,457	4,421
Housing & Urban Development, 6.17%, 8/1/14	14,981,000	15,043
Rural Housing Trust 1987-1, Series 1, Class D, 6.33%, 4/1/26	2,883,079	2,969
US Treasury, 3.875%, 6/30/03	21,272,000	21,682
US Treasury, 4.00%, 4/30/03	15,000,000	15,326
US Treasury, 4.625%, 2/28/03	22,022,000	22,628
US Treasury, 4.625%, 5/15/06	6,186,000	6,272
US Treasury, 4.75%, 2/15/04	19,250,000	19,876
US Treasury, 5.25%, 5/15/04	29,700,000	30,967
US Treasury, 5.375%, 2/15/31	18,200,000	17,944
US Treasury, 5.625%, 12/31/02	2,300,000	2,381
US Treasury, 5.625%, 2/15/06	24,558,000	25,878
US Treasury, 6.00%, 7/31/02	4,000,000	4,099
US Treasury, 6.00%, 9/30/02	4,900,000	5,049
US Treasury, 6.00%, 8/15/04	25,000,000	26,535
US Treasury, 6.25%, 5/15/30	24,730,000	26,789
US Treasury, 6.50%, 2/28/02	55,000,000	55,417
US Treasury, 7.25%, 8/15/04	6,000,000	6,552
US Treasury Inflation Index Bond, 3.375%, 1/15/07	26,158,277	26,252
US Treasury Inflation Index Bond, 3.625%, 7/15/02	2,774,175	2,800
US Treasury Inflation Index Bond, 3.625%, 4/15/28	7,142,200	7,285
US Treasury Inflation Index Bond, 3.875%, 4/15/29	183,293,723	195,407
US Treasury Inflation Index Bond, 4.25%, 1/15/10	71,829,080	75,352

Balanced Portfolio

Government (Domestic and Foreign) and Agency Bonds (27.0%)	Shares/ Par	Market Value (000's)
Federal Government & Agencies continued		
US Treasury Inflation Index Bond, 5.00%, 8/15/11	\$ 14,877,000	\$ 14,840
Vendee Mortgage Trust, Series 1998-3, Class E, 6.50%, 3/15/29	4,500,000	4,360
Total Government (Domestic and Foreign) and Agency Bonds (Cost: \$776,867)		811,522
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Mortgage/Asset Backed Securities (5.1%)		
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Auto Related (0.2%)		
Fleetwood Credit Corporation Grantor Trust, Series 1997-B, Class A, 6.40%, 5/15/13	884,445	917
Team Fleet Financing Corporation, Series 1996-1, Class A, 6.65%, 12/15/02 144A	4,916,667	4,948
Total		5,865
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Boat Dealers (0.1%)		
BankBoston Marine Asset Backed Trust, Series 1997-2, Class A6, 6.64%, 8/15/10	2,932,624	2,954
Nationscredit Grantor Trust, Series 1997-2, Class A1, 6.35%, 4/15/14	695,679	720
Total		3,674
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Commercial Banks (0.1%)		
Nationsbank Lease Pass Through Trust, Series 1997-A, Class 1, 7.442%, 1/10/11 144A	1,786,251	1,896
Total		1,896
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Commercial Mortgages (3.2%)		
Asset Securitization Corporation, Series 1996-MD6, Class CS1, 1.632%, 11/13/26 IO	10,562,009	151
Asset Securitization Corporation, Series 1996-MD6, Class CS2, 1.098%, 11/13/26 IO	79,473,178	1,971
Asset Securitization Corporation, Series 1997-D5, Class PS1, 1.616%, 2/14/41 IO	21,460,129	1,566
Chase Commercial Mortgage Securities Corporation, Series 1997-2, Class A2, 6.60%, 11/19/07	8,500,000	8,839
Chase Commercial Mortgage Securities Corporation, Series 1997-2, Class B, 6.60%, 11/19/07	2,500,000	2,582

Mortgage/Asset Backed Securities (5.1%)	Shares/ Par	Market Value (000's)
Commercial Mortgages continued		
Commercial Mortgage		
Acceptance Corporation, Series 1997-ML1, Class B, 6.644%, 12/15/07	\$ 2,500,000	\$ 2,556
Credit Suisse First Boston Mortgage Securities Corporation, Series 1997-C1, Class A2, 7.26%, 6/20/07 144A	2,966,817	3,135
Credit Suisse First Boston Mortgage Securities Corporation, Series 1997-C1, Class B, 7.28%, 6/20/07 144A	3,250,000	3,442
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class A1, 7.00%, 11/2/06 144A	6,500,000	6,776
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class B, 7.00%, 11/2/11 144A	5,700,000	5,625
DLJ Commercial Mortgage Corporation, Series 1998-CF1, Class S, 0.70%, 1/15/18 IO	242,663,913	7,988
DLJ Mortgage Acceptance Corporation, Series 1997-CF2, Class S, 0.352%, 10/15/17 IO, 144A	17,593,572	352
Midland Realty Acceptance Corporation, Series 1996-C2, Class AEC, 1.353%, 1/25/29 IO, 144A	23,316,670	1,275
Morgan Stanley Capital, Series 1998-WF2, Class A2, 6.54%, 5/15/08	15,000,000	15,581
Mortgage Capital Funding, Inc., Series 1997-MC1, Class A3, 7.288%, 3/20/07	19,000,000	20,236
Nomura Asset Securities Corporation, Series 1998-D6, Class A2, 6.993%, 3/17/28	15,000,000	15,484
RMF Commercial Mortgage Pass-Through, Series 1997-1, Class F, 7.471%, 1/15/19 144A	1,800,000	840
Total		98,399
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Credit Card Asset Backed (0.5%)		
Citibank Credit Card Master Trust I, Series 1997-6, Class A, 0.00%, 8/15/06	17,000,000	15,246
Heilig-Meyers Master Trust, Series 1998-1A, Class A, 6.125%, 1/20/07 144A	3,239,752	486
Total		15,732

Balanced Portfolio

Mortgage/Asset Backed Securities (5.1%)	Shares/ Par	Market Value (000's)	Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Franchise Loan Receivables (0.3%)			Consumer Discretionary (6.5%)		
Enterprise Mortgage Acceptance Company, Series 1998-1, Class A2, 6.38%, 4/15/07 144A	\$ 6,000,000	\$ 5,630	American Greetings Corporation — Class A	8,100	112
Enterprise Mortgage Acceptance Company, Series 1998-1, Class IO, 1.37%, 1/15/23 IO, 144A	35,366,855	1,500	*AOL Time Warner, Inc.	564,200	18,110
FMAC Loan Receivables Trust, Series 1998-A, Class A1, 6.20%, 9/15/20 144A	664,040	661	*AutoZone, Inc.	14,275	1,025
Global Franchise Trust, Series 1998-1, Class A1, 6.349%, 4/10/04 144A	1,255,199	1,263	*Bed Bath & Beyond, Inc.	36,800	1,248
Total		9,054	*Best Buy Co., Inc.	26,700	1,989
Health Services (0.1%)			*Big Lots, Inc.	14,400	150
Health Care Receivables, 6.25%, 2/1/03 144A	3,000,000	3,024	The Black & Decker Corporation	10,300	389
Total		3,024	Brunswick Corporation	11,200	244
Home Equity Loan (0.1%)			Carnival Corporation	74,473	2,091
Vanderbilt Mortgage Finance, Inc., Series 1997-B, Class 1A4, 7.19%, 2/7/14	2,500,000	2,614	*Cendant Corporation	123,273	2,417
Total		2,614	Centex Corporation	7,600	434
Motorcycle Dealers (0.0%)			Circuit City Stores, Inc.	26,500	688
Harley-Davidson Eaglemark Motorcycle Trust, Series 1998-2, Class A2, 5.87%, 4/15/04	856,068	869	*Clear Channel Communications, Inc.	74,850	3,811
Total		869	The Coca-Cola Company	316,700	14,931
Residential Mortgages (0.1%)			Coca-Cola Enterprises, Inc.	56,700	1,074
Blackrock Capital Finance LP, Series 1997-R1, Class B3, 7.75%, 3/25/37 144A	4,493,162	786	*Comcast Corporation — Class A	120,300	4,331
Blackrock Capital Finance LP, Series 1997-R3, Class B3, 7.25%, 11/25/28 144A	5,572,409	836	Cooper Tire & Rubber Company	9,200	147
Total		1,622	*Costco Wholesale Corporation	57,352	2,545
Retail-Retail Stores (0.4%)			Dana Corporation	18,815	261
LB Mortgage Trust, Series 1991-2, Class A3, 8.396%, 1/20/17	10,469,419	11,626	Darden Restaurants, Inc.	15,033	532
Total		11,626	Delphi Automotive Systems Corporation	71,269	974
Total Mortgage/Asset Backed Securities (Cost: \$162,250)		154,375	Dillard's, Inc. — Class A	10,836	173
			Dollar General Corporation	42,065	627
			Dow Jones & Company, Inc.	10,980	601
			Eastman Kodak Company	36,917	1,086
			Family Dollar Stores, Inc.	21,900	657
			*Federated Department Stores, Inc.	25,212	1,031
			Ford Motor Company	233,007	3,663
			Fortune Brands, Inc.	19,433	769
			Gannett Co., Inc.	33,650	2,262
			The Gap, Inc.	109,425	1,525
			General Motors Corporation	69,825	3,393
			The Goodyear Tire & Rubber Company	20,200	481
			Harley-Davidson, Inc.	38,475	2,090
			*Harrah's Entertainment, Inc.	14,950	553
			Hasbro, Inc.	21,975	357
			Hilton Hotels Corporation	46,950	513
			The Home Depot, Inc.	297,197	15,159
			*International Game Technology	9,400	642
			The Interpublic Group of Companies, Inc.	47,800	1,412
			J. C. Penney Company, Inc.	33,525	902
			Johnson Controls, Inc.	11,100	896
			*Jones Apparel Group, Inc.	15,400	511
			KB Home	5,600	225
			*Kmart Corporation	62,400	341
			Knight-Ridder, Inc.	9,350	607
			*Kohl's Corporation	42,433	2,989
			Leggett & Platt Incorporated	24,967	574
			The Limited, Inc.	54,313	799
			Liz Claiborne, Inc.	6,700	333

Balanced Portfolio

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Consumer Discretionary continued		
Lowe's Companies, Inc.	97,950	\$ 4,546
Marriott International, Inc. — Class A	31,000	1,260
Mattel, Inc.	54,860	944
The May Department Stores Company	38,100	1,409
Maytag Corporation	9,667	300
McDonald's Corporation	164,671	4,359
The McGraw-Hill Companies, Inc.	24,840	1,515
Meredith Corporation	6,300	225
The New York Times Company — Class A	20,292	878
Newell Rubbermaid, Inc.	33,911	935
NIKE, Inc. — Class B	34,500	1,940
Nordstrom, Inc.	17,033	345
*Office Depot, Inc.	37,843	702
Omnicom Group, Inc.	23,600	2,109
The Pepsi Bottling Group, Inc.	36,600	860
Pulte Corporation	7,500	335
RadioShack Corporation	23,567	709
*Reebok International, Ltd.	7,500	199
Sears, Roebuck & Co.	41,850	1,994
The Sherwin-Williams Company	19,960	549
Snap-On Incorporated	7,317	246
The Stanley Works	10,850	505
*Staples, Inc.	58,150	1,087
*Starbucks Corporation	48,450	923
Starwood Hotels & Resorts Worldwide, Inc.	25,300	755
Target Corporation	114,443	4,698
Tiffany & Co.	18,633	586
The TJX Companies, Inc.	35,750	1,425
*TMP Worldwide, Inc.	13,533	581
*Toys "R" Us, Inc.	25,150	522
Tribune Company	38,031	1,424
*Tricon Global Restaurants, Inc.	18,740	922
TRW, Inc.	15,900	589
Tupperware Corporation	7,400	142
*Univision Communications, Inc. — Class A	26,500	1,072
V. F. Corporation	14,243	556
*Viacom, Inc. — Class B	226,661	10,007
Visteon Corporation	16,712	251
Wal-Mart Stores, Inc.	569,333	32,764
The Walt Disney Company	266,133	5,514
Wendy's International, Inc.	14,450	422
Whirlpool Corporation	8,450	620
Total		194,398
Consumer Staples (3.1%)		
Adolph Coors Company — Class B	4,700	251
Alberto-Culver Company — Class B	7,200	322
Albertson's, Inc.	51,595	1,625

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Consumer Staples continued		
Anheuser-Busch Companies, Inc.	114,319	\$ 5,168
Archer-Daniels-Midland Company	84,475	1,212
Avon Products, Inc.	30,175	1,403
Brown-Forman Corporation — Class B	8,700	545
Campbell Soup Company	51,954	1,552
The Clorox Company	30,150	1,192
Colgate-Palmolive Company	71,454	4,126
ConAgra Foods, Inc.	68,433	1,627
CVS Corporation	50,133	1,484
General Mills, Inc.	46,333	2,410
The Gillette Company	134,265	4,484
H.J. Heinz Company	44,383	1,825
Hershey Foods Corporation	17,450	1,181
Kellogg Company	51,643	1,554
Kimberly-Clark Corporation	67,797	4,054
*The Kroger Co.	103,273	2,155
PepsiCo, Inc.	225,100	10,960
Philip Morris Companies, Inc.	280,104	12,844
The Procter & Gamble Company	164,873	13,047
*Safeway, Inc.	64,400	2,689
Sara Lee Corporation	100,184	2,227
SUPERVALU, Inc.	16,850	373
SYSCO Corporation	85,650	2,246
Unilever NV, ADR	72,827	4,196
UST, Inc.	20,833	729
Walgreen Co.	129,654	4,364
Winn-Dixie Stores, Inc.	17,850	254
Wm. Wrigley Jr. Company	28,733	1,476
Total		93,575
Energy (2.9%)		
Amerada Hess Corporation	11,400	713
Anadarko Petroleum Corporation	31,877	1,812
Apache Corporation	17,600	878
Ashland, Inc.	8,900	410
Baker Hughes Incorporated	42,740	1,559
Burlington Resources, Inc.	26,886	1,009
ChevronTexaco Corporation	135,684	12,159
Conoco, Inc.	79,575	2,252
Devon Energy Corporation	16,500	638
Dynegy, Inc. — Class A	41,500	1,058
EOG Resources, Inc.	14,740	576
Exxon Mobil Corporation	878,571	34,528
Halliburton Company	54,685	716
Kerr-McGee Corporation	12,757	699
*Nabors Industries, Inc.	18,750	644
*Noble Drilling Corporation	17,050	580
Occidental Petroleum Corporation	47,180	1,252
Phillips Petroleum Company	48,273	2,909
*Rowan Companies, Inc.	12,050	233
Royal Dutch Petroleum Company, ADR	273,031	13,384
Schlumberger Limited	73,033	4,013

Balanced Portfolio

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Energy continued		
Sunoco, Inc.	10,650	\$ 398
Transocean Sedco Forex, Inc.	40,454	1,368
Unocal Corporation	31,033	1,119
USX-Marathon Group	39,291	1,179
Total		86,086
Financials (7.7%)		
AFLAC Incorporated	66,950	1,644
The Allstate Corporation	92,269	3,109
Ambac Financial Group, Inc.	13,500	781
American Express Company	168,500	6,014
American International Group, Inc.	333,590	26,487
AmSouth Bancorporation	47,145	891
Aon Corporation	33,375	1,185
Bank of America Corporation	204,120	12,849
The Bank of New York Company, Inc.	93,620	3,820
Bank One Corporation	148,345	5,793
BB&T Corporation	55,800	2,015
The Bear Stearns Companies, Inc.	11,945	700
Capital One Financial Corporation	26,500	1,430
The Charles Schwab Corporation	176,486	2,730
Charter One Financial, Inc.	27,654	751
The Chubb Corporation	22,350	1,542
Cincinnati Financial Corporation	20,480	781
Citigroup, Inc.	640,374	32,327
Comerica Incorporated	22,700	1,301
Conseco, Inc.	42,970	192
Countrywide Credit Industries, Inc.	15,100	619
Fannie Mae	127,329	10,123
Fifth Third Bancorp	73,243	4,510
FleetBoston Financial Corporation	137,928	5,034
Franklin Resources, Inc.	33,650	1,187
Freddie Mac	88,214	5,769
Golden West Financial Corporation	20,250	1,192
The Hartford Financial Services Group, Inc.	30,150	1,894
Household International, Inc.	59,025	3,420
Huntington Bancshares Incorporated	32,000	550
J.P. Morgan Chase & Co.	252,762	9,188
Jefferson-Pilot Corporation	19,353	895
John Hancock Financial Services, Inc.	39,200	1,619
KeyCorp	54,025	1,315
Lehman Brothers Holdings, Inc.	31,356	2,095
Lincoln National Corporation	23,960	1,164
Loews Corporation	25,133	1,392
Marsh & McLennan Companies, Inc.	35,040	3,765

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Financials continued		
MBIA, Inc.	18,850	\$ 1,011
MBNA Corporation	108,497	3,819
Mellon Financial Corporation	60,809	2,288
Merrill Lynch & Co., Inc.	106,900	5,572
MetLife, Inc.	95,515	3,026
MGIC Investment Corporation	13,600	839
Moody's Corporation	20,100	801
Morgan Stanley Dean Witter & Co.	141,731	7,928
National City Corporation	76,479	2,236
Northern Trust Corporation	28,350	1,707
The PNC Financial Services Group, Inc.	36,800	2,068
The Progressive Corporation	9,400	1,403
Provident Financial Corporation	36,343	129
Regions Financial Corporation	28,990	871
SAFECO Corporation	16,250	506
SouthTrust Corporation	43,333	1,069
The St. Paul Companies, Inc.	27,320	1,201
State Street Corporation	41,400	2,163
Stilwell Financial, Inc.	27,971	761
SunTrust Banks, Inc.	37,167	2,330
Synovus Financial Corp.	36,950	926
T. Rowe Price Group, Inc.	15,700	545
Torchmark Corporation	15,950	627
U.S. Bancorp	242,609	5,078
Union Planters Corporation	17,475	789
UnumProvident Corporation	30,706	814
USA Education, Inc.	20,786	1,746
Wachovia Corporation	178,557	5,600
Washington Mutual, Inc.	111,738	3,654
Wells Fargo & Company	218,585	9,498
XL Capital, Ltd. — Class A	17,000	1,553
Zions Bancorporation	11,700	615
Total		235,246
Health Care (6.4%)		
Abbott Laboratories	197,225	10,995
Aetna, Inc.	18,179	600
Allergan, Inc.	16,733	1,256
American Home Products Corporation	167,371	10,270
*AmerisourceBergen Corporation	13,100	833
*Amgen, Inc.	132,875	7,499
Applera Corporation — Applied Biosystems Group	26,867	1,055
Bausch & Lomb Incorporated	6,800	256
Baxter International, Inc.	75,400	4,044
Becton, Dickinson and Company	32,850	1,089
*Biogen, Inc.	18,900	1,084
Biomet, Inc.	34,155	1,055
*Boston Scientific Corporation	51,090	1,232
Bristol-Myers Squibb Company	247,444	12,620
C. R. Bard, Inc.	6,450	416
Cardinal Health, Inc.	56,750	3,669
*Chiron Corporation	24,178	1,060

Balanced Portfolio

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Health Care continued		
CIGNA Corporation	19,071	\$ 1,767
Eli Lilly and Company	143,066	11,236
*Forest Laboratories, Inc.	22,467	1,841
*Genzyme Corporation	26,400	1,580
*Guidant Corporation	39,112	1,948
HCA, Inc.	68,415	2,637
*Health Management Associates, Inc.	31,200	574
*Healthsouth Corporation	49,600	735
*Humana, Inc.	21,600	255
*Immunex Corporation	68,000	1,884
Johnson & Johnson	385,623	22,790
*King Pharmaceuticals, Inc.	30,966	1,305
*Manor Care, Inc.	13,100	311
McKesson HBOC, Inc.	36,293	1,357
*MedImmune, Inc.	27,100	1,256
Medtronic, Inc.	153,900	7,881
Merck & Co., Inc.	292,000	17,170
Pfizer, Inc.	803,890	32,036
Pharmacia Corporation	165,621	7,064
*Quintiles Transnational Corp.	14,800	238
Schering-Plough Corporation	186,350	6,673
*St. Jude Medical, Inc.	10,950	850
Stryker Corporation	24,950	1,456
*Tenet Healthcare Corporation	41,300	2,425
UnitedHealth Group Incorporated	40,414	2,860
*Watson Pharmaceuticals, Inc.	13,500	424
*Wellpoint Health Networks, Inc. — Class A	8,100	946
Zimmer Holdings, Inc.	24,773	757
Total		191,289
Industrials (4.9%)		
*Allied Waste Industries, Inc.	25,150	354
*American Power Conversion Corporation	24,850	359
*AMR Corporation	19,600	435
Automatic Data Processing, Inc.	79,500	4,683
Avery Dennison Corporation	14,050	794
The Boeing Company	111,118	4,309
Burlington Northern Santa Fe Corporation	49,908	1,424
Caterpillar, Inc.	43,712	2,284
Cintas Corporation	21,567	1,044
*Concord EFS, Inc.	61,300	2,009
*Convergys Corporation	21,750	815
Cooper Industries, Inc.	12,000	419
Crane Co.	7,625	196
CSX Corporation	27,150	952
Cummins, Inc.	5,200	200
Danaher Corporation	18,100	1,092
Deere & Company	29,940	1,307
Delta Air Lines, Inc.	15,633	457
Deluxe Corporation	9,012	375

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Industrials continued		
Dover Corporation	25,933	\$ 961
Eaton Corporation	8,800	655
Emerson Electric Co.	54,525	3,113
Equifax, Inc.	18,200	440
*FedEx Corporation	39,140	2,031
First Data Corporation	49,911	3,916
*Fiserv, Inc.	23,725	1,004
Fluor Corporation	10,100	378
General Dynamics Corporation	25,600	2,039
General Electric Company	1,264,898	50,696
Genuine Parts Company	21,875	803
Goodrich Corporation	13,200	351
H&R Block, Inc.	23,250	1,039
Honeywell International, Inc.	103,050	3,485
Illinois Tool Works, Inc.	38,700	2,621
IMS Health Incorporated	37,533	732
Ingersoll-Rand Company	21,470	898
ITT Industries, Inc.	11,200	566
Lockheed Martin Corporation	55,322	2,582
Masco Corporation	58,600	1,436
McDermott International, Inc.	7,800	96
Minnesota Mining and Manufacturing Company	50,412	5,959
Molex Incorporated	24,875	770
Navistar International Corporation	7,520	297
Norfolk Southern Corporation	48,943	897
Northrop Grumman Corporation	14,000	1,411
PACCAR, Inc.	9,790	642
Pall Corporation	15,616	376
Parker-Hannifin Corporation	14,900	684
Paychex, Inc.	47,540	1,666
Pitney Bowes, Inc.	31,427	1,182
*Power-One, Inc.	10,000	104
R. R. Donnelley & Sons Company	14,933	443
Raytheon Company	49,000	1,591
*Robert Half International, Inc.	22,360	597
Rockwell Collins, Inc.	23,250	453
Rockwell International Corporation	23,250	415
Ryder System, Inc.	7,700	171
Sabre Holdings Corporation — Class A	16,909	716
Southwest Airlines Co.	96,995	1,792
Textron, Inc.	17,950	744
Thomas & Betts Corporation	7,400	157
Tyco International, Ltd.	246,583	14,524
Union Pacific Corporation	31,540	1,798
United Technologies Corporation	59,933	3,873
*US Airways Group, Inc.	8,500	54
W.W. Grainger, Inc.	12,100	581
Waste Management, Inc.	79,697	2,543
Total		147,790

Balanced Portfolio

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Information Technology (7.8%)		
*ADC Telecommunications, Inc.	99,550	\$ 458
Adobe Systems Incorporated	30,475	946
*Advanced Micro Devices, Inc.	43,800	695
*Agilent Technologies, Inc.	58,188	1,659
*Altera Corporation	49,265	1,045
*Analog Devices, Inc.	45,843	2,035
*Andrew Corporation	10,362	227
*Apple Computer, Inc.	44,400	972
*Applied Materials, Inc.	103,550	4,152
*Applied Micro Circuits Corporation	38,300	434
Autodesk, Inc.	6,833	255
*Avaya, Inc.	36,112	439
*BMC Software, Inc.	31,040	508
*Broadcom Corporation — Class A	33,100	1,356
*CIENA Corporation	41,700	597
*Cisco Systems, Inc.	931,967	16,878
*Citrix Systems, Inc.	23,480	532
Compaq Computer Corporation	215,122	2,100
Computer Associates International, Inc.	73,432	2,533
*Computer Sciences Corporation	21,450	1,051
*Compuware Corporation	46,843	552
*Comverse Technology, Inc.	23,600	528
*Conexant Systems, Inc.	31,500	452
Corning Incorporated	118,400	1,056
*Dell Computer Corporation	331,167	9,001
Electronic Data Systems Corporation	59,600	4,086
*EMC Corporation	280,986	3,776
*Gateway, Inc.	41,150	331
Hewlett-Packard Company	247,440	5,082
Intel Corporation	856,343	26,932
International Business Machines Corporation	221,210	26,758
*Intuit, Inc.	26,600	1,137
*Jabil Circuit, Inc.	24,333	553
*JDS Uniphase Corporation	167,600	1,463
*KLA-Tencor Corporation	23,600	1,170
*Lexmark International Group, Inc. — Class A	16,300	962
Linear Technology Corporation	40,450	1,579
*LSI Logic Corporation	46,000	726
Lucent Technologies, Inc.	433,662	2,728
*Maxim Integrated Products, Inc.	41,800	2,195
*Mercury Interactive Corporation	10,500	357
*Micron Technology, Inc.	75,950	2,354
*Microsoft Corporation	685,400	45,421
Millipore Corporation	6,000	364
Motorola, Inc.	279,619	4,200
*National Semiconductor Corporation	22,043	679
*NCR Corporation	12,300	453
*Network Appliance, Inc.	41,500	908
Nortel Networks Corporation	405,740	3,043

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Information Technology continued		
*Novell, Inc.	45,800	\$ 210
*Novellus Systems, Inc.	18,100	714
*Nvidia Corporation	17,800	1,191
*Oracle Corporation	714,850	9,872
*Palm, Inc.	72,212	280
*Parametric Technology Corporation	33,620	263
*PeopleSoft, Inc.	37,400	1,503
PerkinElmer, Inc.	15,600	546
*PMC-Sierra, Inc.	20,900	444
*QLogic Corporation	11,750	523
*QUALCOMM, Inc.	96,433	4,870
*Sanmina-SCI Corporation	66,200	1,317
*Sapient Corporation	15,700	121
Scientific-Atlanta, Inc.	20,700	496
*Siebel Systems, Inc.	57,700	1,614
*Soletron Corporation	102,500	1,156
*Sun Microsystems, Inc.	414,754	5,118
Symbol Technologies, Inc.	28,850	458
Tektronix, Inc.	11,940	308
*Tellabs, Inc.	52,108	783
*Teradyne, Inc.	22,150	668
Texas Instruments Incorporated	221,075	6,190
*Thermo Electron Corporation	23,100	551
*Unisys Corporation	40,350	506
*VERITAS Software Corporation	50,601	2,268
*Vitesse Semiconductor Corporation	23,320	291
Xerox Corporation	88,400	921
*Xilinx, Inc.	42,400	1,656
*Yahoo!, Inc.	72,200	1,281
Total		233,837
Materials (1.2%)		
Air Products and Chemicals, Inc.	29,033	1,362
Alcan, Inc.	40,650	1,461
Alcoa, Inc.	109,943	3,909
Allegheny Technologies Incorporated	10,231	171
Ball Corporation	3,467	245
Barrick Gold Corporation	68,177	1,087
Bemis Company, Inc.	6,750	332
Boise Cascade Corporation	7,300	248
The Dow Chemical Company	114,324	3,863
E. I. du Pont de Nemours and Company	132,745	5,644
Eastman Chemical Company	9,775	381
Ecolab, Inc.	16,200	652
Engelhard Corporation	16,700	462
*FMC Corporation	4,000	238
*Freeport-McMoRan Copper & Gold, Inc. — Class B	18,319	245
Georgia-Pacific Corporation	28,758	794
Great Lakes Chemical Corporation	6,400	155
Hercules Incorporated	13,800	138

Balanced Portfolio

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Materials continued		
*Inco Limited	23,150	\$ 392
International Flavors & Fragrances, Inc.	12,175	362
International Paper Company	61,524	2,482
Louisiana-Pacific Corporation	13,300	112
The Mead Corporation	12,650	391
Newmont Mining Corporation	24,930	476
Nucor Corporation	9,867	523
*Pactiv Corporation	20,200	359
Phelps Dodge Corporation	10,010	324
Placer Dome, Inc.	41,750	455
PPG Industries, Inc.	21,433	1,109
Praxair, Inc.	20,500	1,133
Rohm and Haas Company	28,034	971
*Sealed Air Corporation	10,636	434
Sigma-Aldrich Corporation	9,600	378
Temple-Inland, Inc.	6,300	357
USX-U. S. Steel Group	11,350	206
Vulcan Materials Company	12,900	618
Westvaco Corporation	12,850	366
Weyerhaeuser Company	27,420	1,483
Willamette Industries, Inc.	14,200	740
Worthington Industries, Inc.	10,850	154
Total		35,212
Real Estate Investment Trusts (0.1%)		
Equity Office Properties Trust	51,600	1,553
Equity Residential Properties Trust	33,800	970
Total		2,523
Telecommunication Services (2.4%)		
ALLTEL Corporation	39,843	2,460
AT&T Corp.	439,370	7,970
*AT&T Wireless Services, Inc.	322,216	4,630
BellSouth Corporation	238,635	9,104
CenturyTel, Inc.	18,000	590
*Citizens Communications Company	36,300	387
*Nextel Communications, Inc. — Class A	97,433	1,068
*Qwest Communications International, Inc.	211,520	2,989
SBC Communications, Inc.	428,833	16,798
Sprint Corporation	112,891	2,267
*Sprint Corporation (PCS Group)	119,340	2,913
Verizon Communications, Inc.	344,438	16,347
*WorldCom, Inc. — WorldCom Group	367,714	5,177
Total		72,700
Utilities (1.3%)		
The AES Corporation	67,775	1,108
Allegheny Energy, Inc.	15,900	576
Ameren Corporation	17,433	737

Common Stock (44.3%)	Shares/ Par	Market Value (000's)
Utilities continued		
American Electric Power Company, Inc.	41,020	\$ 1,786
Calpine Corporation	38,040	639
Cinergy Corp.	20,238	677
CMS Energy Corporation	16,800	404
Consolidated Edison, Inc.	27,025	1,091
Constellation Energy Group, Inc.	20,900	555
Dominion Resources, Inc.	33,325	2,003
DTE Energy Company	20,950	879
Duke Energy Corporation	98,342	3,860
Edison International	41,480	626
El Paso Corporation	64,817	2,890
Entergy Corporation	28,091	1,099
Exelon Corporation	40,862	1,956
FirstEnergy Corp.	37,874	1,325
FPL Group, Inc.	22,443	1,266
KeySpan Corporation	17,500	606
Kinder Morgan, Inc.	14,533	809
Mirant Corporation	43,184	692
Niagara Mohawk Holdings, Inc.	20,400	362
Nicor, Inc.	5,750	239
NiSource, Inc.	26,284	606
Peoples Energy Corporation	4,500	171
PG&E Corporation	49,275	948
Pinnacle West Capital Corporation	10,800	452
PPL Corporation	18,633	649
Progress Energy, Inc.	27,679	1,246
Public Service Enterprise Group Incorporated	26,440	1,116
Reliant Energy, Inc.	37,926	1,006
Sempra Energy	26,259	645
The Southern Company	87,200	2,211
TECO Energy, Inc.	17,300	454
TXU Corp.	32,715	1,543
The Williams Companies, Inc.	65,500	1,672
Xcel Energy, Inc.	43,670	1,211
Total		40,115
Total Common Stock (Cost: \$731,035)		1,332,771

Money Market Investments (13.2%)

Federal Government & Agencies (0.8%)		
#Federal National Mortgage Association, 1.73%, 2/15/02	\$ 22,500,000	\$ 22,451
#Federal National Mortgage Association, 1.85%, 1/3/02	1,000,000	1,000
Total		23,451
Finance Lessors (4.6%)		
#Goldman Sachs Group, Inc., 1.75%, 2/13/02	46,200,000	46,104
#Preferred Receivable Funding, 1.89%, 1/15/02	31,000,000	30,977

Balanced Portfolio

Money Market Investments (13.2%)	Shares/ Par	Market Value (000's)
Finance Lessors continued		
#Preferred Receivable Funding, 2.04%, 1/9/02	\$ 27,600,000	\$ 27,587
#Tyco Capital Corp., 2.08%, 1/18/02	33,800,000	33,768
Total		<u>138,436</u>
Miscellaneous Business Credit Institutions (1.0%)		
#Delaware Funding Corp., 2.16%, 1/28/02	30,216,000	30,167
Total		<u>30,167</u>
Personal Credit Institutions (2.5%)		
#Cxc Incorporated, 2.31%, 1/23/02	25,200,000	25,164
#Household Finance Corp., 1.80%, 2/8/02	50,000,000	49,905
Total		<u>75,069</u>
Pharmaceutical Preparations (2.9%)		
#American Home Products, 2.15%, 2/15/02	24,100,000	24,035
American Home Products, 2.17%, 3/8/02	23,000,000	22,931
Pfizer, Inc., 1.87%, 2/4/02	41,200,000	41,128
Total		<u>88,094</u>
Short Term Business Credit (1.4%)		
Transamerica Financial Corporation, 1.85%, 2/11/02	43,600,000	43,508
Total		<u>43,508</u>
Total Money Market Investments (Cost: \$398,702)		<u>398,725</u>
Total Investments (99.5%) (Cost \$2,366,258)^\		<u>2,995,419</u>
Other Assets, Less Liabilities (0.5%)		<u>15,718</u>
Total Net Assets (100.0%)		<u>\$3,011,137</u>

^ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$2,383,013 and the net unrealized appreciation of investments based on that cost was \$612,406 which is comprised of \$739,190 aggregate gross unrealized appreciation and \$126,784 aggregate gross unrealized depreciation.

ADR — American Depository Receipt

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

IO — Interest Only Security

* Non-Income Producing

†† Defaulted Security

All or a portion of the securities have been committed as collateral for open futures positions. Information regarding open futures contracts as of period end is summarized below:

Issuer (000's)	Number of Contracts	Expiration Date	Unrealized Appreciation/ (Depreciation) (000's)
S&P 500 Index			
Futures	996	3/02	\$1,087
(Total Notional Value at 12/31/01 \$285,064)			

The Accompanying Notes are an Integral Part of the Financial Statements

High Yield Bond Portfolio

Objective:

High current income and capital appreciation with moderate risk

Portfolio Strategy:

Generate superior performance by investing in a diversified mix of fixed income securities rated below investment grade.

Net Assets:

\$147.67 million

Investing in a portfolio of high yield bonds provides investors who can accept a moderate level of risk with a high level of current income, coupled with the opportunity for capital gains. Holdings of particular interest include investments in entities that have the possibility of a positive event, such as a significant improvement in credit rating or earnings or a change in ownership. In a high yield portfolio, some credit losses over time are inevitable; high coupons and diversification across many holdings mitigate the impact of individual securities on the performance of the total Portfolio.

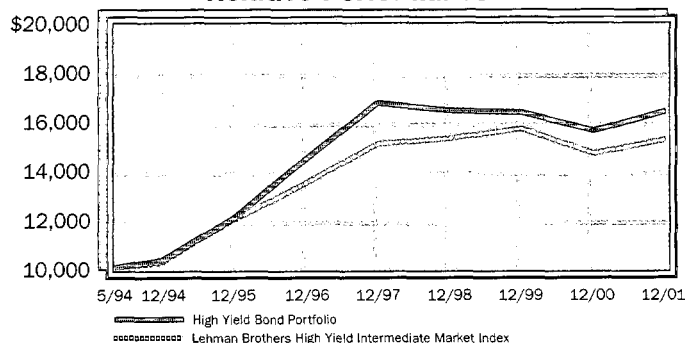
The Portfolio performed significantly better than its benchmark, the Lehman Brothers High Yield Intermediate Market Index, during 2001, a year in which bonds substantially outperformed stocks. This strong performance at a time of economic uncertainty and weak equity markets provides a reminder that high yield bonds are a medium-risk asset class that can provide valuable balance and diversification to investors whose holdings are concentrated in equities.

The Portfolio had a total return of 5.03% during 2001, despite a weak economy and volatile financial markets. As the economy moved into recession, fundamental credit conditions in the high yield market turned negative. Corporate earnings and cash flows were generally weak. Rating agency downgrades rose sharply. Defaults reached near-record levels and post-default recoveries were well below historical averages. At times, liquidity conditions in the high yield market were poor and price volatility increased sharply.

The Portfolio was managed with a defensive investment posture during 2001, in an effort to preserve capital and minimize credit losses. The Portfolio maintained an above average weight in the upper-tier double-B quality sector. Credit selection was a major driver of return performance. Stronger and better-capitalized companies within the high yield category were emphasized. Company financial results were closely monitored throughout the year, and holdings in companies experiencing serious earnings or liquidity problems were reduced or eliminated.

Stable industry sectors such as cable TV, utilities, gaming and finance were emphasized. Holdings in economically sensitive industry sectors such as steel, chemicals, paper, aerospace and automotive were minimized. While the Portfolio had holdings in the telecommunications industry, most of its exposure was in the wireless segment, which performed better than the wireline segment. The Portfolio benefited from strong relative performance in the broadcasting, transportation, finance and gaming sectors, as well as the cellular telephone segment of telecommunications.

Relative Performance



Average Annual Total Return For Periods Ended December 31, 2001

	1 Year	5 Years	Since Inception#
High Yield Bond Portfolio	5.03%	2.56%	6.62%
Lehman Brothers High Yield Intermediate Market Index	3.78%	2.52%	5.61%

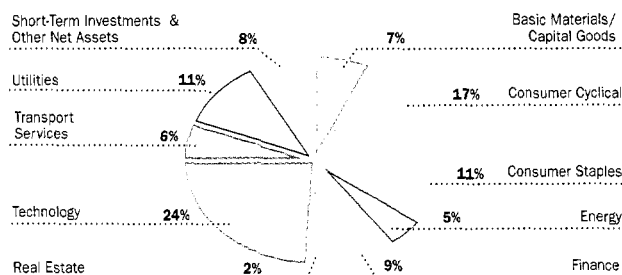
#Inception date of 05/03/94

The total return performance for the High Yield Bond Portfolio is shown in comparison with the Lehman Brothers High Yield Intermediate Market Index. The Lehman Brothers index is an appropriate measure of portfolio performance since it has a quality and maturity profile that resembles the High Yield Bond Portfolio.

The Lehman Brothers High Yield Intermediate Market Index is made up of dollar-denominated, nonconvertible, SEC publicly registered fixed rate noninvestment grade issues. The bonds will have remaining maturities of between one and ten years and have an outstanding par value of at least \$100 million. Yankee and global bonds (SEC registered) of issuers in G-7 countries are included. Original issue zero coupon bonds and step-up coupon structures are also included; however, the index excludes pay-in-kind (PIK) bonds. Each bond must be rated Ba1 or lower by Moody's Investor Service. If a Moody's rating is unavailable, the bonds must be rated BB+ or lower by Standard & Poor's, or by Fitch if an S&P rating is unavailable. A few unrated bonds are included in the index; to be eligible they must have previously held a high yield rating or have been associated with a high yield issuer. The index is an unmanaged market value weighted index and measures the income provided by, and the price changes of, the underlying securities.

This chart assumes an initial investment of \$10,000 made on 5/3/94 (commencement of operations). Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Percentage Holdings by Industry Sector 12/31/01



High Yield Bond Portfolio

Northwestern Mutual Series Fund, Inc. Schedule of Investments December 31, 2001

Bonds (85.4%)	Shares/ Par	Market Value (000's)
<u>Basic Materials (3.1%)</u>		
<u>Metals & Mining (1.9%)</u>		
Great Central Mines, Ltd., 8.875%, 4/1/08	\$2,750,000	\$ 2,709
Total		<u>2,709</u>
<u>Paper (1.2%)</u>		
<u>Appleton Papers, Inc.,</u>		
12.50%, 12/15/08 144A	1,875,000	1,800
Total		<u>1,800</u>
Total Basic Materials		<u>4,509</u>
<u>Capital Goods (3.6%)</u>		
<u>Building-Forest Products (0.7%)</u>		
Potlatch Corporation, 10.00%, 7/15/11 144A	1,000,000	1,040
Total		<u>1,040</u>
<u>Building & Construction (2.9%)</u>		
<u>Encompass Services Corp.,</u>		
10.50%, 5/4/12 144A	2,150,000	1,398
<u>Integrated Electrical Services, Inc.,</u>		
9.375%, 2/1/09	1,500,000	1,328
United Rentals, Inc., 10.75%, 4/15/08	1,500,000	1,612
Total		<u>4,338</u>
Total Capital Goods		<u>5,378</u>
<u>Consumer Cyclical (16.5%)</u>		
<u>Apparel, Textile (1.6%)</u>		
Guess ?, Inc., 9.50%, 8/15/03	1,500,000	1,397
Tommy Hilfiger USA, Inc., 6.50%, 6/1/03	765,000	779
Tommy Hilfiger USA, Inc., 6.85%, 6/1/08	150,000	143
Total		<u>2,319</u>
<u>Auto & Trucks (0.9%)</u>		
<u>Avis Group Holdings, Inc.,</u>		
11.00%, 5/1/09	1,250,000	1,325
Total		<u>1,325</u>
<u>Home Construction (1.0%)</u>		
<u>K Hovanian Enterprises,</u>		
10.50%, 10/1/07	750,000	784
Schuler Homes, 9.375%, 7/15/09 144A	725,000	750
Total		<u>1,534</u>

Bonds (85.4%)	Shares/ Par	Market Value (000's)
<u>Household Appliances (1.7%)</u>		
Rent-A-Center, Inc., 11.00%, 8/15/08	\$1,125,000	\$ 1,142
Salton Inc., 12.25%, 4/15/08	1,300,000	1,300
Total		<u>2,442</u>
<u>Leisure Related (0.7%)</u>		
<u>Bally Total Fitness Holdings, Series D,</u>		
9.875%, 10/15/07	1,000,000	1,020
Total		<u>1,020</u>
<u>Lodging / Resorts (3.0%)</u>		
Extended Stay America, 8.75%, 6/15/11	900,000	929
Felcor Lodging Limited Partnership, 9.50%, 9/15/08	1,350,000	1,353
Meristar Hospitality Finance Corporation, 9.00%, 1/15/08	550,000	523
Meristar Hospitality Finance Corporation, 9.125%, 1/15/11	550,000	517
Vail Resorts, Inc., 8.75%, 5/15/09 144A	1,125,000	1,091
Total		<u>4,413</u>
<u>Printing & Publishing (3.1%)</u>		
Jostens, Inc., 12.75%, 5/1/10	1,550,000	1,705
Mail-Well, Inc., 5.00%, 11/1/02	2,050,000	1,890
Primedia, Inc., 8.875%, 5/15/11	1,125,000	1,013
Total		<u>4,608</u>
<u>Retail-General (4.5%)</u>		
<u>Advance Stores Company, Inc.,</u>		
10.25%, 4/15/08 144A	750,000	761
Airgas, Inc., 9.125%, 10/1/11	375,000	396
Autonation, Inc., 9.00%, 8/1/08	725,000	738
Buhrmann US, Inc., 12.25%, 11/1/09	1,500,000	1,500
Coinmach Corporation, 11.75%, 11/15/05	750,000	769
CSK Auto, Inc., 12.00%, 6/15/06 144A	750,000	756
Saks Incorporated, 8.25%, 11/15/08	750,000	679
Sonic Automotive, Inc., 11.00%, 8/1/08 144A	1,125,000	1,164
Total		<u>6,763</u>
Total Consumer Cyclical		<u>24,424</u>
<u>Consumer Staples (11.0%)</u>		
<u>Containers (0.8%)</u>		
Applied Extrusion Tech., Inc., 10.75%, 7/1/11	1,125,000	1,198
Total		<u>1,198</u>

High Yield Bond Portfolio

Bonds (85.4%)	Shares/ Par	Market Value (000's)
Food Retailers (0.8%)		
Great Atlantic & Pacific Tea Co., 9.125%, 12/15/11	\$ 375,000	\$ 376
Ingles Markets, Inc., 8.875%, 12/1/11 144A	750,000	737
Total		1,113
Food Service (0.5%)		
Sbarro, Inc., 11.00%, 9/15/09	775,000	744
Total		744
Gaming (7.2%)		
Choctaw Resort Development, 9.25%, 4/1/09	1,400,000	1,431
Herbst Gaming, Inc., 10.75%, 9/1/08 144A	1,125,000	1,169
Hollywood Casino, 11.25%, 5/1/07	500,000	541
Hollywood Casino Shreveport, 13.00%, 8/1/06	300,000	272
Jupiters Limited, 8.50%, 3/1/06	1,000,000	1,000
Las Vegas Sands, Inc., 12.25%, 11/15/04	1,350,000	1,350
Majestic Investments Holdings, 11.653%, 11/30/07 144A	1,500,000	1,426
Mandalay Resort Group, 10.25%, 8/1/07	300,000	311
Mandalay Resort Group, 7.625%, 7/15/13	1,450,000	1,243
MGM Mirage, Inc., 9.75%, 6/1/07	750,000	786
Wheeling Island Gaming, 10.125%, 12/15/09 144A	1,125,000	1,142
Total		10,671
Healthcare (1.2%)		
Insight Health Services, 9.875%, 11/1/11 144A	1,700,000	1,759
Total		1,759
Soaps & Toiletries (0.5%)		
Elizabeth Arden, Inc., 11.75%, 2/1/11	750,000	769
Total		769
Total Consumer Staples		16,254
Energy (5.0%)		
Oil & Gas Independent (1.7%)		
PDVSA Finance, Ltd., 1999-I, 9.75%, 2/15/10	2,600,000	2,579
Total		2,579
Oil Field Services (2.8%)		
BRL Universal Equipment, 8.875%, 2/15/08	1,400,000	1,456
El Paso Energy Partners, 8.50%, 6/1/11	1,125,000	1,136

Bonds (85.4%)	Shares/ Par	Market Value (000's)
Oil Field Services continued		
Hanover Equipment Trust, 8.75%, 9/1/11 144A	\$ 725,000	\$ 750
Key Energy Services, Inc., 8.375%, 3/1/08	750,000	758
Total		4,100
Refining (0.5%)		
Tesoro Petroleum Corporation, 9.625%, 11/1/08 144A	750,000	778
Total		778
Total Energy		7,457
Finance (7.6%)		
Banks (2.3%)		
Sovereign Bancorp, 10.50%, 11/15/06	1,900,000	2,043
Sovereign Real Estate Investment Trust, 12.00%, 5/16/20 144A	1,325,000	1,312
Total		3,355
Finance Companies (4.5%)		
AmeriCredit Corp., 9.875%, 4/15/06	1,100,000	1,034
Finova Group, Inc., 7.50%, 11/15/09	1,875,000	788
IOS Capital, Inc., 9.75%, 6/15/04	2,250,000	2,255
Metris Companies, Inc., 10.125%, 7/15/06	2,600,000	2,469
Total		6,546
Financial Services (0.8%)		
Labranche & Company, Inc., 12.00%, 3/2/07	1,100,000	1,254
Total		1,254
Total Finance		11,155
Miscellaneous (1.6%)		
R.E.I.T. (0.5%)		
Istar Financial, Inc., 8.75%, 8/15/08	725,000	726
Total		726
Real Estate (1.1%)		
Crescent Real Estate Equities, 7.50%, 9/15/07	1,750,000	1,579
Total		1,579
Total Miscellaneous		2,305
Professional Services (1.9%)		
Interim Services, Inc., 4.50%, 6/1/05	1,600,000	1,302
Kindercare Learning Centers, 9.50%, 2/15/09	1,500,000	1,433
Total Professional Services		2,735

High Yield Bond Portfolio

Bonds (85.4%)	Shares/ Par	Market Value (000's)
<u>Real Estate Agents & Managers (0.8%)</u>		
CB Richards Ellis Services Inc., 11.25%, 6/15/11	\$1,400,000	\$ 1,197
Total Real Estate Agents & Managers		1,197
<u>Technology (20.0%)</u>		
<u>Broadcasting (1.1%)</u>		
CD Radio, Inc., 14.50%, 5/15/09	1,000,000	550
XM Satellite Radio, Inc., 14.00%, 3/15/10	1,400,000	1,108
Total		1,658
<u>Cable (5.7%)</u>		
Adelphia Communications, 10.25%, 6/15/11	1,125,000	1,122
Adelphia Communications Corporation, 10.875%, 10/1/10	1,500,000	1,531
British Sky Broadcasting Group PLC, 6.875%, 2/23/09	750,000	718
Charter Communications Holdings LLC, 11.125%, 1/15/11	500,000	530
Echostar Broadband Corp., 10.375%, 10/1/07	1,150,000	1,205
International Cabletel, Inc., 11.50%, 2/1/06	1,250,000	438
NTL Communications Corp., 11.50%, 10/1/08	1,600,000	560
†NTL, Inc., 9.75%, 4/1/08	1,900,000	532
Rogers Communications, Inc., 8.875%, 7/15/07	1,000,000	1,015
†Telewest Communications PLC, 9.25%, 4/15/09	1,000,000	441
Telewest Communications PLC, 9.875%, 2/1/10	400,000	280
†United Pan-Europe Communications NV, 13.75%, 2/1/10	600,000	48
Total		8,420
<u>Electronics (0.5%)</u>		
Amkor Technology, Inc., 5.00%, 3/15/07	1,000,000	683
Total		683
<u>Telecommunications Wireless: Cellular/PCS (9.4%)</u>		
Alamosa Delaware, Inc., 12.50%, 2/1/11	750,000	765
†Alamosa PCS Holdings, Inc., 12.875%, 2/15/10	1,150,000	713
Charter Communications Holdings LLC, 9.625%, 11/15/09	1,500,000	1,518
Dobson Communications Corporation, 10.875%, 7/1/10	1,500,000	1,548
Horizon PCS, Inc., 13.75%, 6/15/11 144A	575,000	572
†Horizon PCS, Inc., 14.00%, 10/1/10	2,000,000	1,030
†IPCS, Inc., 14.00%, 7/15/10	1,500,000	990

Bonds (85.4%)	Shares/ Par	Market Value (000's)
<u>Telecommunications Wireless: Cellular/PCS continued</u>		
IWO Holdings, Inc., 14.00%, 1/15/11	\$1,150,000	\$ 1,185
Nextel Communications, Inc., 9.375%, 11/15/09	2,350,000	1,856
Telecorp PCS, Inc., 10.625%, 7/15/10	750,000	870
Tritel PCS, Inc., 10.375%, 1/15/11	1,000,000	1,145
Triton PCS, Inc., 8.75%, 11/15/11 144A	925,000	925
†US Unwired, Inc., 13.375%, 11/1/09	1,150,000	811
Total		13,928
<u>Telecommunications Wireless: Towers (2.8%)</u>		
American Tower Corp., 9.375%, 2/1/09	1,600,000	1,287
Crown Castle International Corp., 10.75%, 8/1/11	1,100,000	1,075
SBA Communications Corp., 10.25%, 2/1/09	1,300,000	1,112
†Spectrasite Holdings, Inc., 11.25%, 4/15/09	850,000	221
†Spectrasite Holdings, Inc., 12.875%, 3/15/10	1,900,000	437
Total		4,132
<u>Telecommunications Wireline: CLEC (0.4%)</u>		
Adelphia Business Solutions, Inc., 12.25%, 9/1/04	1,550,000	186
†GT Group Telecom, Inc., 13.25%, 2/1/10	1,650,000	215
McLeodUSA, Inc., 9.50%, 11/1/08	575,000	121
Total		522
<u>Telecommunications Wireline: Long Haul (0.1%)</u>		
††Global Crossing Holdings, Ltd., 9.50%, 11/15/09	700,000	77
††Global Crossing Holdings, Ltd., 9.625%, 5/15/08	300,000	35
Total		112
Total Technology		29,455
<u>Transport Services (3.8%)</u>		
<u>Railroads (1.0%)</u>		
Railamerica Transportation Corp., 12.875%, 8/15/10	1,400,000	1,430
Total		1,430
<u>Trucking-Shipping (2.8%)</u>		
North American Van Lines, 13.375%, 12/1/09 144A	1,650,000	1,586
Stena AB, 10.50%, 12/15/05	1,900,000	1,881
Teekay Shipping Corp., 8.875%, 7/15/11	375,000	384
Teekay Shipping Corp., 8.875%, 7/15/11 144A	375,000	384
Total		4,235
Total Transport Services		5,665

High Yield Bond Portfolio

Bonds (85.4%)	Shares/ Par	Market Value (000's)	Preferred Stock (6.0%)	Shares/ Par	Market Value (000's)
Utilities (10.5%)			Cable (1.6%)		
Utility-Electric (6.2%)			CSC Holdings, Inc. — Series H	14,000	\$ 1,491
The AES Corporation, 8.875%, 2/15/11	\$ 700,000	\$ 616	CSC Holdings, Inc. — Series M	7,708	813
The AES Corporation, 9.375%, 9/15/10	400,000	360	Total		2,304
Calpine Canada Energy, 8.50%, 5/1/08	1,425,000	1,303			
Calpine Corporation, 8.625%, 8/15/10	1,000,000	908	Telecommunications Wireless: Towers (0.5%)		
Calpine Corporation, 8.75%, 7/15/07	750,000	677	**Crown Castle International Corp.	13,200	726
Edison Mission Energy, 10.00%, 8/15/08	1,100,000	1,131	Total		726
Orion Power Holdings, Inc.,					
12.00%, 5/1/10	1,200,000	1,440	Telecommunications Wireline: CLEC (0.5%)		
PG&E National Energy Group, Inc.,			**Intermedia Communications, Inc.	7,470	777
10.375%, 5/16/11	750,000	791	Total		777
USEC, Inc., 6.625%, 1/20/06	2,050,000	1,921	Total Technology		6,407
Total		9,147			
			Total Preferred Stock		
Utility-Garbage Disposal (1.7%)			(Cost: \$10,353)		8,912
Allied Waste North America, Inc.,					
7.875%, 1/1/09	1,750,000	1,715	Common Stocks and Warrants (0.3%)		
Allied Waste North America, Inc.,					
8.50%, 12/1/08 144A	570,000	576	Consumer Cyclical (0.0%)		
IT Group, Series B, 11.25%, 4/1/09	1,600,000	288	Household Appliances (0.0%)		
Total		2,579	*Samsonite Corporation	625	1
			Total		1
Utility-Gas (1.7%)					
Amerigas Partners LP/Eagle Fin.,			Leisure Related (0.0%)		
8.875%, 5/20/11	1,125,000	1,159	*Hedstrom Holdings, Inc. 144A	201,674	0
EOTT Energy Partners LP,			Total		0
11.00%, 10/1/09	1,300,000	1,287			
Total		2,446	Printing & Publishing (0.0%)		
			*Jostens, Inc.	1,550	32
Utility-Water (0.9%)			Total		32
Azurix Corp., Series B,			Total Consumer Cyclical		33
10.75%, 2/15/10	1,950,000	1,365			
Total		1,365	Miscellaneous (0.0%)		
Total Utilities		15,537	*La Quinta Properties, Inc.	11,117	64
			Total Miscellaneous		64
Total Bonds			Technology (0.2%)		
(Cost: \$133,561)		126,071	Broadcasting (0.0%)		
			XM Satellite Radio Holdings, Inc.	1,400	42
Preferred Stock (6.0%)			Total		42
Consumer Cyclical (0.5%)			Cable (0.0%)		
Primedia, Inc. — Series D	5,000	230	*RCN Corporation	2,890	8
Primedia, Inc. — Series F	10,000	460	Total		8
Total Consumer Cyclical		690			
			Telecommunications Wireless: Cellular/PCS (0.2%)		
Finance (1.2%)			Horizon PCS, Inc. — Warrant	2,000	80
California Federal Preferred Capital	74,000	1,815	IWO Holdings, Inc. 144A	1,150	69
Total Finance		1,815	Total		149
Technology (4.3%)					
Broadcasting (1.7%)					
**Cumulus Media, Inc.	14,240	1,438			
Sinclair Capital	11,500	1,162			
Total		2,600			

High Yield Bond Portfolio

Common Stocks and Warrants (0.3%)	Shares/ Par	Market Value (000's)
Telecommunications Wireline: CLEC (0.0%)		
*GT Group Telecom, Inc.	\$ 1,650	\$ 8
*McLeodUSA Incorporated — Class A	27,405	10
Total		18
Total Technology		217
Transport Services (0.1%)		
*Railamerica, Inc.	1,400	70
Total Transport Services		70
Total Common Stocks and Warrants (Cost: \$1,077)		384

Money Market Investments (6.0%)

Capital Goods (4.8%)		
John Deere Capital Corp., 2.05%, 1/14/02	\$7,100,000	7,095
Total		7,095

Money Market Investments (6.0%)	Shares/ Par	Market Value (000's)
Pharmaceutical Preparations (1.2%)		
American Home Products, 1.85%, 1/2/02	\$1,800,000	\$ 1,800
Total		1,800
Total Money Market Investments (Cost: \$8,895)		8,895
Total Investments (97.7%) (Cost \$153,886)△		144,262
Other Assets, Less Liabilities (2.3%)		3,408
Total Net Assets (100.0%)		\$147,670

△ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$153,901 and the net unrealized depreciation of investments based on that cost was \$9,639 which is comprised of \$4,399 aggregate gross unrealized appreciation and \$14,038 aggregate gross unrealized depreciation.

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

* Non-Income Producing

† Step bond security that presently receives no coupon payments. At the predetermined date the stated coupon rate becomes effective.

†† Defaulted Security

** PIK — Payment In Kind

The Accompanying Notes are an Integral Part of the Financial Statements

Select Bond Portfolio

Objective:

A stable and relatively high level of long-term total return and preservation of capital

Portfolio Strategy:

Invest in high grade corporate bonds, U.S. government bonds and bonds of government agencies.

Net Assets:

\$405.41 million

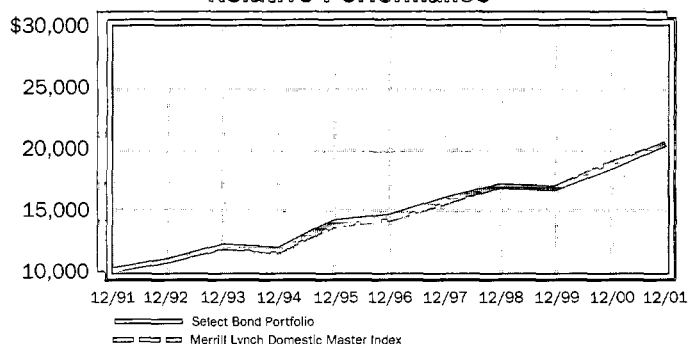
The Select Bond Portfolio invests primarily in high quality debt securities, mainly government bonds, corporate bonds and mortgage-backed securities. Exposure to market sectors is adjusted as yield spreads change among the various classes of securities. Duration and maturities are altered with moderate adjustments in recognition or anticipation of interest rate changes.

In the second consecutive year in which bonds provided significantly higher returns than equities, the Select Bond Portfolio substantially outperformed its major benchmark, the Merrill Lynch Domestic Master Index. During 2001, the yield curve steepened dramatically; a major determinant of performance was therefore correctly predicting changes in the curve. Early in the year, the Portfolio was overweighted in bonds with shorter durations, which have risen in price as short-term interest rates have dropped. Yields on bonds of longer duration, in which the Portfolio has been underweighted, have experienced little change, reflecting investor concerns about inflation and economic growth.

The Portfolio also took advantage of changes in spreads between Treasury securities and corporate bonds over the course of the year. As the year began, there was an overweight in Treasury securities, which were the best performing asset class in 2000. In the first trading days of 2001, the Portfolio's managers took advantage of unusually wide spreads to purchase quality corporate bonds that offered good value.

The market for mortgage-backed bonds has experienced a wave of refinancings in response to falling interest rates. An underweighting in this market sector has been beneficial; also sensitivity to this trend has been mitigated by a concentration of mortgage-related securities in commercial mortgages, which often have steep prepayment penalties, and GNMA-backed securities, which tend to be more difficult to refinance.

Relative Performance



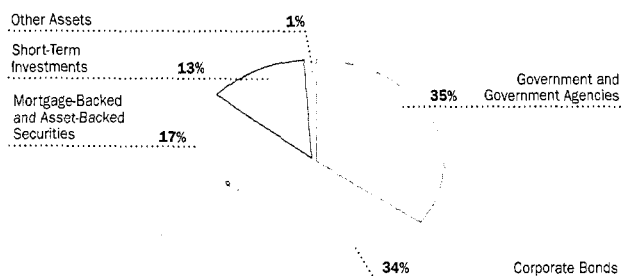
Average Annual Total Return For Periods Ended December 31, 2001

	1 Year	5 Years	10 Years
Select Bond Portfolio	10.37%	7.13%	7.31%
Merrill Lynch Domestic Master Index	8.33%	7.43%	7.29%

Since the Portfolio invests broadly in U.S. Government, mortgage and corporate bonds, a useful basis for comparing returns is the Merrill Lynch Domestic Master Index. The index is an unmanaged market value weighted index comprised of U.S. Government, mortgage and investment-grade corporate bonds. The index measures the income provided by, and the price changes of, the underlying securities.

This chart assumes an initial investment of \$10,000 made on 12/31/91. Returns shown include deductions for management and other fund expenses, and reinvestment of all dividends. Returns exclude deductions for separate account sales loads and account fees. Past performance is not predictive of future performance. Investment return and principal value will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. Total returns, which reflect deduction of charges for the separate account, are shown on page 4.

Percentage Holdings 12/31/01



The Corporate Bonds sector includes bonds of companies headquartered outside the United States. The Government and Government Agencies category includes taxable bonds of domestic and foreign governments and a small position in municipal bonds. Consistent with the Portfolio's stated parameters, no more than 10% of the Portfolio is invested in foreign securities, and no more than 10% is invested in high-yield securities.

Select Bond Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Corporate Bonds (34.3%)	Shares/ Par	Market Value (000's)
Aerospace-Defense (2.1%)		
Boeing Capital Corporation, 6.10%, 3/1/11	\$3,000,000	\$ 2,916
Boeing Company, 8.75%, 9/15/31	1,000,000	1,210
Lockheed Martin Corporation, 8.20%, 12/1/09	3,850,000	4,332
Total		8,458
Auto Related (2.2%)		
General Motors Acceptance Corporation, 6.875%, 9/15/11	1,000,000	980
General Motors Acceptance Corporation, 7.25%, 3/2/11	3,987,000	4,003
Toyota Motor Credit Corporation, 5.65%, 1/15/07	4,000,000	4,037
Total		9,020
Beverages, Malt Beverages (4.4%)		
Anheuser-Busch Companies, Inc., 7.00%, 12/1/25	4,200,000	4,285
Anheuser-Busch Companies, Inc., 7.50%, 3/15/12	378,000	424
Coca-Cola Enterprises, Inc., 5.375%, 8/15/06	1,500,000	1,519
Coca-Cola Enterprises, Inc., 5.75%, 3/15/11	4,000,000	3,955
Coca-Cola Enterprises, Inc., 6.125%, 8/15/11	1,501,000	1,510
Fosters Finance Corporation, 6.875%, 6/15/11 144A	6,000,000	6,175
Total		17,868
Broad Woven Fabric Mills, Manmade (0.1%)		
††Polysindo International Finance, 11.375%, 6/15/06	4,200,000	504
Total		504
Commercial Banks (0.3%)		
Bank of America Corporation, 7.40%, 1/15/11	1,133,000	1,215
Total		1,215
Crude Petroleum and Natural Gas (0.1%)		
Occidental Petroleum, 6.75%, 1/15/12	400,000	402
Total		402
Department Stores (1.3%)		
Target Corporation, 7.00%, 7/15/31	5,000,000	5,256
Total		5,256

Corporate Bonds (34.3%)	Shares/ Par	Market Value (000's)
Electric Services (3.2%)		
Exelon Generation Co. LLC, 6.95%, 6/15/11 144A	\$6,788,000	\$ 6,882
Ohio Edison Company, 7.375%, 9/15/02	1,000,000	1,026
Public Service Electric & Gas Co., 6.875%, 1/1/03	2,250,000	2,319
South Carolina Electric & Gas, 6.125%, 3/1/09	1,750,000	1,753
Texas Utilities Electric Co., 7.875%, 3/1/23	1,000,000	1,022
Total		13,002
Foods (0.8%)		
Conagra Foods, Inc., 6.75%, 9/15/11	3,000,000	3,065
Total		3,065
Metal Mining (0.5%)		
Rio Tinto Finance, Ltd., 5.75%, 7/3/06	2,000,000	2,025
Total		2,025
Motor Vehicle Parts/Accessories (1.9%)		
TRW, Inc., 7.125%, 6/1/09	4,000,000	3,946
TRW, Inc., 7.75%, 6/1/29	4,000,000	3,837
Total		7,783
Motors & Generators (0.5%)		
Emerson Electric Co., 5.75%, 11/1/11	2,122,000	2,056
Total		2,056
Office Machines (0.6%)		
Pitney Bowes Credit Corp., 5.75%, 8/15/08	2,250,000	2,240
Total		2,240
Oil & Gas Extraction (1.2%)		
Chevron Corporation, 6.625%, 10/1/04	4,500,000	4,789
Total		4,789
Oil & Gas Field Services (2.1%)		
Conoco Funding Company, 7.25%, 10/15/31	8,000,000	8,445
Total		8,445
Pharmaceuticals (6.6%)		
American Home Products Corporation, 6.70%, 3/15/11	3,000,000	3,108
Bristol-Myers Squibb, 5.75%, 10/1/11	5,000,000	4,953
Eli Lilly & Co., 5.50%, 7/15/06	3,250,000	3,310
Johnson & Johnson, 6.625%, 9/1/09	2,750,000	2,919
Johnson & Johnson, 6.95%, 9/1/29	2,200,000	2,367

Select Bond Portfolio

Corporate Bonds (34.3%)	Shares/ Par	Market Value (000's)
Pharmaceuticals continued		
Merck & Co., Inc. 5.95%, 12/1/28	\$7,375,000	\$ 6,950
Pfizer, Inc., 5.625%, 2/1/06	2,975,000	3,059
Total		26,666
Plastics Materials & Resins (0.5%)		
Dow Capital BV, 8.50%, 6/8/10	1,800,000	1,976
Total		1,976
Retail-Misc Shopping Goods Stores (0.6%)		
Wal-Mart Canada, 5.58%, 5/1/06 144A	2,500,000	2,584
Total		2,584
Tobacco Products (2.8%)		
Philip Morris Companies, Inc., 7.75%, 1/15/27	11,000,000	11,405
Total		11,405
Transportation Services (1.5%)		
United Parcel Service, 8.375%, 4/1/20	5,350,000	6,225
Total		6,225
Utilities (1.0%)		
El Paso Energy Corporation, 7.80%, 8/1/31	3,850,000	3,885
Total		3,885
Total Corporate Bonds (Cost \$137,594)		138,869

Government (Domestic and Foreign) and Agency Bonds (34.5%)

Federal Government & Agencies (34.5%)		
Aid-Israel, 0.00%, 11/1/24	8,900,000	2,029
Federal Home Loan Bank, 5.54%, 1/8/09	3,700,000	3,727
Federal Home Loan Mortgage Corporation, 7.50%, 10/1/27	4,370,945	4,543
Federal National Mortgage Association, 5.97%, 10/1/08	3,775,920	3,854
Federal National Mortgage Association, 6.22%, 2/1/06	1,841,903	1,924
Federal National Mortgage Association, 6.24%, 1/1/06	5,189,962	5,426
Federal National Mortgage Association, 6.265%, 10/1/08	2,888,233	2,989
Federal National Mortgage Association, 6.36%, 4/1/08	3,620,231	3,766
Federal National Mortgage Association, 6.39%, 4/1/08	1,384,471	1,442
Federal National Mortgage Association, 6.50%, 9/25/05	1,479,873	1,506
Federal National Mortgage Association, 6.75%, 4/25/18	2,108,891	2,189

Government (Domestic and Foreign) and Agency Bonds (34.5%)	Shares/ Par	Market Value (000's)
Federal Government & Agencies continued		
Federal National Mortgage Association, 6.75%, 12/25/23	\$3,500,000	\$ 3,547
Federal National Mortgage Association, 7.00%, 6/1/03	120,230	124
Federal National Mortgage Association, 7.36%, 4/1/11	3,107,633	3,394
Federal National Mortgage Association, 8.40%, 2/25/09	2,485,715	2,577
Federal National Mortgage Association, 11.00%, 12/1/12	42,818	49
Federal National Mortgage Association, 11.00%, 9/1/17	356,993	410
Federal National Mortgage Association, 11.00%, 12/1/17	115,129	133
Federal National Mortgage Association, 11.00%, 2/1/18	151,162	174
Federal National Mortgage Association, 11.50%, 4/1/18	128,175	149
Federal National Mortgage Association, 12.00%, 9/1/12	376,312	439
Federal National Mortgage Association, 12.00%, 12/1/12	92,033	108
Federal National Mortgage Association, 12.00%, 9/1/17	117,181	138
Federal National Mortgage Association, 12.00%, 10/1/17	117,715	138
Federal National Mortgage Association, 12.00%, 12/1/17	95,399	112
Federal National Mortgage Association, 12.00%, 2/1/18	166,458	196
Federal National Mortgage Association, 12.25%, 1/1/18	97,731	115
Federal National Mortgage Association, 12.50%, 4/1/18	63,937	76
Federal National Mortgage Association, 13.00%, 11/1/12	61,231	73
Federal National Mortgage Association, 13.00%, 11/1/17	77,268	93
Federal National Mortgage Association, 13.00%, 12/1/17	87,711	105
Federal National Mortgage Association, 13.00%, 2/1/18	166,508	199
Federal National Mortgage Association, 14.00%, 12/1/17	53,022	65
Government National Mortgage Association, 7.00%, 5/15/23	182,254	188
Government National Mortgage Association, 7.50%, 4/15/22	132,972	139
Government National Mortgage Association, 7.50%, 10/15/23	372,283	389
Government National Mortgage Association, 7.50%, 10/15/25	8,862	9
Government National Mortgage Association, 7.50%, 11/15/25	7,264	8
Government National Mortgage Association, 7.50%, 5/15/26	8,685	9

Select Bond Portfolio

Government (Domestic and Foreign) and Agency Bonds (34.5%)	Shares/ Par	Market Value (000's)
Federal Government & Agencies continued		
Government National Mortgage Association, 7.50%, 1/15/27	\$ 224,869	\$ 234
Government National Mortgage Association, 7.50%, 2/15/27	260,174	271
Government National Mortgage Association, 7.50%, 3/15/27	32,219	34
Government National Mortgage Association, 7.50%, 4/15/27	52,696	55
Government National Mortgage Association, 7.50%, 8/15/27	8,086	8
Government National Mortgage Association, 7.50%, 6/15/28	270,422	281
Government National Mortgage Association, 8.00%, 1/15/26	230,096	243
Government National Mortgage Association, 8.00%, 2/15/26	305,730	323
Government National Mortgage Association, 8.00%, 8/15/26	317,422	336
Government National Mortgage Association, 8.00%, 9/15/26	116,679	123
Government National Mortgage Association, 8.00%, 12/15/26	65,777	70
Government National Mortgage Association, 8.00%, 1/15/27	92,099	97
Government National Mortgage Association, 8.00%, 3/15/27	286,000	301
Government National Mortgage Association, 8.00%, 4/15/27	535,004	564
Government National Mortgage Association, 8.00%, 6/15/27	230,463	243
Government National Mortgage Association, 8.00%, 7/15/27	233,119	246
Government National Mortgage Association, 8.00%, 8/15/27	176,556	186
Government National Mortgage Association, 8.00%, 9/15/27	189,068	199
Government National Mortgage Association, 8.50%, 9/15/21	22,771	25
Government National Mortgage Association, 8.50%, 3/15/23	1,275	1
Government National Mortgage Association, 8.50%, 6/15/23	2,338	3
Government National Mortgage Association, 8.50%, 6/15/24	44,718	48
Government National Mortgage Association, 8.50%, 7/15/24	49,451	53
Government National Mortgage Association, 8.50%, 11/15/24	227,313	245
Government National Mortgage Association, 8.50%, 2/15/25	34,626	38
Government National Mortgage Association, 11.00%, 1/15/18	2,461,396	2,830
Housing & Urban Development, 6.08%, 8/1/13	4,000,000	4,000
Housing & Urban Development, 6.17%, 8/1/14	3,000,000	3,012

Government (Domestic and Foreign) and Agency Bonds (34.5%)	Shares/ Par	Market Value (000's)
Federal Government & Agencies continued		
Rural Housing Trust 1987-1, Series 1, Class D, 6.33%, 4/1/26	\$ 777,974	\$ 801
US Treasury, 3.875%, 6/30/03	5,490,000	5,596
US Treasury, 4.13%, 2/28/02	5,000,000	4,987
US Treasury, 4.625%, 2/28/03	7,250,000	7,449
US Treasury, 5.375%, 2/15/31	12,750,000	12,570
US Treasury, 6.25%, 5/15/30	2,492,000	2,699
US Treasury Inflation Index Bond, 3.375%, 1/15/07	16,601,308	16,660
US Treasury Inflation Index Bond, 3.625%, 7/15/02	6,325,119	6,383
US Treasury Inflation Index Bond, 3.625%, 1/15/08	9,900,540	10,008
US Treasury Inflation Index Bond, 3.875%, 4/15/29	7,513,367	8,010
US Treasury Inflation Index Bond, 5.00%, 8/15/11	4,390,000	4,379
Total Government (Domestic and Foreign) and Agency Bonds (Cost \$137,491)		<u>140,162</u>
Mortgage/Asset Backed Securities (16.8%)		
Auto Related (0.4%)		
Fleetwood Credit Corporation Grantor Trust, Series 1997-B, Class A, 6.40%, 5/15/13	379,048	393
Team Fleet Financing Corporation, Series 1996-1, Class A, 6.65%, 12/15/02 144A	1,333,333	1,342
Total		<u>1,735</u>
Boat Dealers (0.2%)		
Nationscredit Grantor Trust, Series 1997-2, Class A1, 6.35%, 4/15/14	695,679	720
Total		<u>720</u>
Commercial Banks (0.7%)		
Nationsbank Lease Pass Through Trust, Series 1997-A, Class 1, 7.442%, 1/10/11 144A	2,679,376	2,844
Total		<u>2,844</u>
Commercial Mortgages (11.1%)		
Asset Securitization Corporation, Series 1996-MD6, Class CS1, 1.632%, 11/13/26 IO	8,362,637	120
Asset Securitization Corporation, Series 1996-MD6, Class CS2, 1.098%, 11/13/26 IO	85,000,000	2,108
Asset Securitization Corporation, Series 1997-D5, Class PS1, 1.616%, 2/14/41 IO	11,555,454	843

Select Bond Portfolio

Mortgage/Asset Backed Securities (16.8%)	Shares/ Par	Market Value (000's)
Commercial Mortgages continued		
Chase Commercial Mortgage Securities Corporation, Series 1997-1, Class B, 7.37%, 4/19/07	\$1,000,000	\$ 1,068
Chase Commercial Mortgage Securities Corporation, Series 1997-2, Class A2, 6.60%, 11/19/07	5,000,000	5,199
Chase Commercial Mortgage Securities Corporation, Series 1997-2, Class B, 6.60%, 11/19/07	2,000,000	2,066
Commercial Mortgage Acceptance Corporation, Series 1997-ML1, Class B, 6.644%, 12/15/07	2,000,000	2,045
Credit Suisse First Boston Mortgage Securities Corporation, Series 1997-C1, Class A2, 7.26%, 6/20/07 144A	1,369,300	1,447
Credit Suisse First Boston Mortgage Securities Corporation, Series 1997-C1, Class B, 7.28%, 6/20/07 144A	1,500,000	1,588
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class A1, 7.00%, 11/2/06 144A	3,000,000	3,127
Criimi Mae Commercial Mortgage Trust, Series 1998-C1, Class B, 7.00%, 11/2/11 144A	4,000,000	3,948
DLJ Commercial Mortgage Corporation, Series 1998-CF1, Class S, 0.70%, 1/15/18 IO	114,628,012	3,774
DLJ Mortgage Acceptance Corporation, Series 1997-CF2, Class S, 0.352%, 10/15/17 IO, 144A	98,153,937	1,962
The Equitable Life Assurance Society, Series 174, Class C1, 7.52%, 5/15/06 144A	2,000,000	2,115
Malan Mortgage Securities Trust, Series 1995-1, Class A3, 7.80%, 8/15/05 144A	3,000,000	3,082
Midland Realty Acceptance Corporation, Series 1996-C2, Class AEC, 1.353%, 1/25/29 IO, 144A	11,658,335	638
Mortgage Capital Funding, Inc., Series 1997-MC1, Class A3, 7.288%, 3/20/07	5,323,000	5,669
Nomura Asset Securities Corporation, Series 1998-D6, Class A2, 6.993%, 3/17/28	2,800,000	2,890
RMF Commercial Mortgage Pass-Through, Series 1997-1, Class F, 7.471%, 1/15/19 144A	1,800,000	840
Total		44,529

Mortgage/Asset Backed Securities (16.8%)	Shares/ Par	Market Value (000's)
Credit Card Asset Backed (0.0%)		
Heilig-Meyers Master Trust, Series 1998-1A, Class A, 6.125%, 1/20/07 144A	\$1,295,901	\$ 194
Total		194
Franchise Loan Receivables (1.2%)		
Enterprise Mortgage Acceptance Company, Series 1998-1, Class A2, 6.38%, 4/15/07 144A	3,100,000	2,909
Enterprise Mortgage Acceptance Company, Series 1998-1, Class IO, 1.37%, 1/15/23 IO, 144A	27,729,107	1,176
FMAC Loan Receivables Trust, Series 1998-A, Class A1, 6.20%, 9/15/20 144A	188,145	187
Global Franchise Trust, Series 1998-1, Class A1, 6.349%, 4/10/04 144A	652,703	657
Total		4,929
Health Services (0.3%)		
Health Care Receivables, 6.25%, 2/1/03 144A	1,125,000	1,134
Total		1,134
Home Equity Loan (0.6%)		
Vanderbilt Mortgage Finance, Inc., Series 1997-B, Class 1A4, 7.19%, 2/7/14	2,500,000	2,614
Total		2,614
Manufactured Housing (0.2%)		
Mid-State Trust, Series 6, Class A3, 7.54%, 7/1/35	847,023	851
Total		851
Motorcycle Dealers (0.2%)		
Harley-Davidson Eaglemark Motorcycle Trust, Series 1998-2, Class A2, 5.87%, 4/15/04	675,844	686
Total		686
Residential Mortgages (0.3%)		
Blackrock Capital Finance LP, Series 1997-R1, Class B3, 7.75%, 3/25/37 144A	3,637,994	637
Blackrock Capital Finance LP, Series 1997-R3, Class B3, 7.25%, 11/25/28 144A	4,179,307	627
Total		1,264

Select Bond Portfolio

Mortgage/Asset Backed Securities (16.8%)	Shares/ Par	Market Value (000's)
Retail-Retail Stores (1.6%)		
LB Mortgage Trust, Series 1991-2, Class A3, 8.396%, 1/20/17	\$5,910,155	\$ 6,563
Total		<u>6,563</u>
Total Mortgage/Asset Backed Securities (Cost \$75,673)		<u>68,063</u>
Money Market Investments (13.2%)		
Cigarettes (1.2%)		
Phillip Morris Co., Inc., 1.81%, 1/18/02	5,000,000	4,996
Total		<u>4,996</u>
Computer & Software Stores (1.0%)		
Hewlett-Packard, 1.95%, 1/15/02	4,000,000	3,997
Total		<u>3,997</u>
Federal Government & Agencies (0.4%)		
Federal National Mortgage Association, 1.73%, 2/15/02	1,600,000	1,597
Total		<u>1,597</u>
Finance Lessors (1.2%)		
Receivables Capital Corp., 1.88%, 1/22/02	5,000,000	4,995
Total		<u>4,995</u>
Finance Services (2.5%)		
JP Morgan Chase & Co., 1.94%, 1/11/02	5,000,000	4,997
Preferred Receivable Funding, 1.85%, 2/4/02	5,000,000	4,991
Total		<u>9,988</u>
Machinery (1.2%)		
John Deere Capital Corp., 2.05%, 1/14/02	5,000,000	4,996
Total		<u>4,996</u>
Miscellaneous Business Credit Institutions (1.2%)		
National Rural Utilities, 1.75%, 1/28/02	4,900,000	4,894
Total		<u>4,894</u>

Money Market Investments (13.2%)	Shares/ Par	Market Value (000's)
Personal Credit Institutions (3.7%)		
American General Finance, 1.92%, 1/11/02	\$5,000,000	\$ 4,997
Household Finance Corp., 2.09%, 1/11/02	5,000,000	4,997
Variable Funding Capital, 2.45%, 1/10/02	5,000,000	4,996
Total		<u>14,990</u>
Pharmaceutical Preparations (0.8%)		
American Home Products, 1.85%, 1/2/02	3,100,000	3,100
Total		<u>3,100</u>
Total Money Market Investments (Cost \$53,553)		<u>53,553</u>
Total Investments (98.8%) (Cost \$404,311)^\		<u>400,647</u>
Other Assets, Less Liabilities (1.2%)		<u>4,759</u>
Total Net Assets (100.0%)		<u>\$405,406</u>

^\ At 12/31/01 the aggregate cost of securities for federal tax purposes was \$409,433 and the net unrealized depreciation of investments based on that cost was \$8,786 which is comprised of \$5,610 aggregate gross unrealized appreciation and \$14,396 aggregate gross unrealized depreciation.

144A after the name of a security represents a security exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold as transactions exempt from registration, normally to qualified institutional buyers.

IO — Interest Only Security

†† Defaulted Security

The Accompanying Notes are an Integral Part of the Financial Statements

Money Market Portfolio

Objective:

Maximum current income consistent with liquidity and stability of capital

Portfolio Strategy:

Achieve stability of capital by investing in short-term debt securities.

Net Assets:

\$458.69 million

The Money Market Portfolio, which invests only in high quality commercial paper and other short-term debt securities with maturities generally not exceeding one year, is the least risky of the Portfolios.

The most notable effect on short-term interest rates during 2001 was the Federal Reserve's 11 interest rate cuts, which totaled 475 basis points. During the first half of the year, the Portfolio's performance relative to its benchmark, the Merrill

Lynch 91-day Treasury Bill Index, was hurt by average maturity somewhat shorter than the Index. During the fourth quarter, the Portfolio's weighted average maturity was extended, to a high of approximately 70 days, versus 50 to 55 days for the index. At year end, the Portfolio's average maturity remained longer than the Index.

AN INVESTMENT IN THE MONEY MARKET PORTFOLIO IS NEITHER INSURED NOR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. ALTHOUGH THE PORTFOLIO SEEKS TO PRESERVE THE VALUE OF YOUR INVESTMENT AT \$1.00 PER SHARE, THERE IS NO ASSURANCE THAT THE PORTFOLIO WILL BE ABLE TO MAINTAIN A STABLE NET ASSET VALUE SO IT IS POSSIBLE TO LOSE MONEY BY INVESTING IN THE PORTFOLIO.

Money Market Portfolio

Northwestern Mutual Series Fund, Inc.

Schedule of Investments

December 31, 2001

Short Term Paper (86.5%)	Shares/ Par	Market Value (000's)
Agricultural Services (3.0%)		
Monsanto Company, 2.06%, 2/19/02	\$13,680,000	\$ 13,642
Total		<u>13,642</u>
Auto Related (1.0%)		
New Center Asset Trust, 1.76%, 3/8/02	4,820,000	4,804
Total		<u>4,804</u>
Commercial Banks (8.1%)		
Citicorp, 1.78%, 1/14/02	13,625,000	13,616
JP Morgan Chase & Co., 1.75%, 2/12/02	4,000,000	3,992
JP Morgan Chase & Co., 1.86%, 2/8/02	9,390,000	9,372
Marshall & Ilsley Bank, 5.02%, 4/19/02	10,000,000	9,999
Total		<u>36,979</u>
Computer & Software Stores (2.6%)		
Hewlett-Packard, 2.17%, 5/30/02	12,000,000	11,892
Total		<u>11,892</u>
Diversified Business Finance (3.0%)		
General Electric Capital, 1.88%, 2/1/02	5,235,000	5,227
General Electric Capital, 1.90%, 1/31/02	8,365,000	8,351
Total		<u>13,578</u>
Electric Utilities (1.9%)		
National Rural Utility Co., 2.01%, 1/25/02	8,500,000	8,489
Total		<u>8,489</u>
Electrical Equipment & Supplies (2.4%)		
Emerson Electric, 1.79%, 1/24/02	11,080,000	11,067
Total		<u>11,067</u>
Finance Lessors (3.9%)		
Receivables Capital Corp., 1.88%, 1/23/02	11,325,000	11,312
Tyco Capital Corp., 2.02%, 2/13/02	6,500,000	6,484
Total		<u>17,796</u>

Short Term Paper (86.5%)	Shares/ Par	Market Value (000's)
Finance Services (4.7%)		
Abb Capital LLC, 2.22%, 12/6/02	\$10,000,000	\$ 10,000
Preferred Receivable Funding, 2.10%, 1/14/02	11,700,000	11,691
Total		<u>21,691</u>
Flavoring Extracts & Syrups (2.4%)		
Coca-Cola Company, 1.89%, 2/8/02	11,000,000	10,978
Total		<u>10,978</u>
Food Service (2.9%)		
Nestle Capital Corp., 1.75%, 1/31/02	13,500,000	13,480
Total		<u>13,480</u>
Machinery (4.8%)		
Caterpillar Financial Services Corporation, 4.05%, 6/1/02	10,000,000	10,000
John Deere Capital Corp., 2.05%, 1/14/02	1,000,000	999
John Deere Capital Corp., 2.29%, 11/12/02	11,000,000	11,000
Total		<u>21,999</u>
Miscellaneous Business Credit Institutions (4.8%)		
Delaware Funding Corp., 2.16%, 1/28/02	12,000,000	11,981
Quincy Capital Corp., 2.09%, 1/14/02	9,965,000	9,957
Total		<u>21,938</u>
Newspapers (2.7%)		
Gannet Company, Inc., 1.78%, 1/18/02	12,390,000	12,380
Total		<u>12,380</u>
Nonclassifiable Establishments (3.0%)		
Unilever Capital Corp., 1.78%, 3/1/02	13,800,000	13,760
Total		<u>13,760</u>

Money Market Portfolio

	Shares/ Par	Market Value (000's)
Short Term Paper (86.5%)		
Personal Credit Institutions (9.2%)		
American Express Credit, 2.02%, 1/15/02	\$ 5,280,000	\$ 5,276
American Express Credit, 2.14%, 1/25/02	5,010,000	5,003
American General Finance, 2.05%, 2/13/02	6,500,000	6,484
American General Finance, 2.17%, 1/25/02	5,000,000	4,993
Associates Corp. of NA, 3.77%, 6/26/02	10,000,000	10,000
Household Finance Corp., 2.73%, 9/26/02	10,500,000	10,500
Total		42,256
Petroleum Refining (0.9%)		
Conoco, Inc., 3.20%, 10/15/02	4,000,000	4,000
Total		4,000
Pharmaceutical Preparations (5.2%)		
American Home Products, 2.30%, 1/25/02	11,500,000	11,482
Pfizer, Inc., 1.79%, 1/31/02	6,000,000	5,991
Pfizer, Inc., 1.87%, 2/4/02	6,480,000	6,469
Total		23,942
Security Brokers & Dealers (8.5%)		
Goldman Sachs Group, Inc., 3.06%, 1/18/02	12,500,000	12,482
Morgan Stanley Dean Witter & Co., 2.59%, 10/16/02	13,000,000	13,003
Salomon Smith Barney Holdings, 1.77%, 2/1/02	13,500,000	13,480
Total		38,965
Short Term Business Credit (9.3%)		
CXC Incorporated, 1.73%, 1/2/02	11,350,000	11,350
CXC Incorporated, 2.32%, 1/18/02	10,500,000	10,488
Transamerica Financial Corporation, 2.33%, 1/18/02	4,375,000	4,370
Transamerica Financial Corporation, 3.05%, 2/14/02	6,000,000	5,978
Variable Funding Capital, 2.45%, 1/10/02	10,500,000	10,494
Total		42,680
Tobacco (2.2%)		
Philip Morris, 1.81%, 2/8/02	10,000,000	9,981
Total		9,981
Total Short Term Paper (Cost: \$396,297)		396,297

	Shares/ Par	Market Value (000's)
Corporate Bonds Domestic (8.5%)		
Auto Related (3.6%)		
Ford Motor Credit Company, 6.30%, 7/16/02	\$10,000,000	\$ 10,007
General Motors Acceptance Corporation, 5.50%, 1/14/02	2,550,000	2,550
Toyota Motor Credit Corporation, 6.83%, 9/13/02	3,250,000	3,320
Total		15,877
Medical and Hospital Equipment (1.1%)		
American Home Products Corporation, 6.50%, 10/15/02	5,000,000	5,145
Total		5,145
Miscellaneous Business Credit Institutions (1.1%)		
The CIT Group, Inc., 6.50%, 6/14/02	5,000,000	5,053
Total		5,053
Short Term Business Credit (0.8%)		
Transamerica Financial Corporation, 7.25%, 8/15/02	3,700,000	3,772
Total		3,772
Telephone & Telegraph Apparatus (0.5%)		
AT & T Capital Corporation, 5.86%, 4/26/02	2,500,000	2,511
Total		2,511
Tobacco Products (0.3%)		
Philip Morris Companies, Inc., 7.63%, 5/15/02	1,500,000	1,516
Total		1,516
Utility-Electric (1.1%)		
National Rural Utility, 6.70%, 6/15/02	5,000,000	5,059
Total		5,059
Total Corporate Bonds Domestic (Cost: \$38,933)		38,933
Money Market Investments (3.0%)		
Finance Services (3.0%)		
Asset Securitization, 1.78%, 1/25/02	14,000,000	13,981
Total Money Market Investments (Cost: \$13,981)		13,981

Money Market Portfolio

Government Securities (2.2%)	Shares/ Par	Market Value (000's)
Government (2.2%)		
US Treasury, 6.25%, 8/31/02	\$10,000,000	\$ 10,242
Total Government Securities (Cost: \$10,242)		<u>10,242</u>
Total Investments (100.2%) (Cost \$459,453)^		<u>459,453</u>
Other Assets, Less Liabilities (-0.2%)		<u>(764)</u>
Total Net Assets (100.0%)		<u>\$ 458,689</u>

^ Also represents cost for federal income tax purposes.

The Accompanying Notes are an Integral Part of the Financial Statements

Report of Independent Accountants

To The Shareholders and Board of Directors of
Northwestern Mutual Series Fund, Inc.

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth and Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, Balanced Portfolio, High Yield Bond Portfolio, Select Bond Portfolio and Money Market Portfolio (constituting Northwestern Mutual Series Fund, Inc., hereafter referred to as the "Funds") at December 31, 2001, the results of each of their operations for the year or period then ended, the changes in each of their net assets and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2001 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Milwaukee, Wisconsin
January 25, 2002

Statements of Assets and Liabilities

Northwestern Mutual Series Fund, Inc.

December 31, 2001

(in thousands, except per share amounts)

	Small Cap Growth Stock Portfolio	T. Rowe Price Small Cap Value Portfolio	Aggressive Growth Stock Portfolio	International Growth Portfolio	Franklin Templeton International Equity Portfolio	Index 400 Stock Portfolio
Assets						
Investments, at value (1)	\$ 291,633	\$ 20,851	\$1,336,876	\$ 26,645	\$ 715,863	\$ 210,548
Cash	9	507	98	182	97	—
Due from Sale of Fund Shares	342	353	776	100	371	365
Due from Sale of Securities	—	—	11,174	8	481	1,303
Dividends and Interest Receivable	10	22	213	19	1,319	123
Total Assets	291,994	21,733	1,349,137	26,954	718,131	212,339
Liabilities						
Due on Purchase of Securities	—	698	5,132	17	883	1,380
Due on Redemption of Fund Shares	103	10	1,228	—	370	32
Due to Investment Advisor	138	6	584	16	400	43
Accrued Expenses	56	16	72	21	65	61
Due on Futures Variation Margin	249	—	245	—	—	89
Total Liabilities	546	730	7,261	54	1,718	1,605
Net Assets	\$ 291,448	\$ 21,003	\$1,341,876	\$ 26,900	\$ 716,413	\$ 210,734
Represented By:						
Aggregate Paid in Capital (2), (3)	\$ 295,842	\$ 19,834	\$1,296,618	\$ 29,232	\$ 771,661	\$ 206,026
Undistributed Net Investment Income	433	10	1,100	—	13,635	1,833
Undistributed Accumulated Net Realized Gain (Loss) on Investments	(27,354)	3	4,389	(1,094)	(15,812)	(3,030)
Net Unrealized Appreciation (Depreciation) of:						
Investment Securities	22,236	1,156	39,514	(1,247)	(53,109)	5,705
Index Futures Contracts	291	—	255	—	—	200
Foreign Currency Transactions	—	—	—	9	38	—
Net Assets for Shares Outstanding (2)	\$ 291,448	\$ 21,003	\$1,341,876	\$ 26,900	\$ 716,413	\$ 210,734
Net Asset Value, Offering and Redemption Price per Share	\$ 1.79	\$ 1.02	\$ 2.82	\$ 0.91	\$ 1.26	\$ 1.12
(1) Investments, at cost	\$ 269,397	\$ 19,695	\$1,297,362	\$ 27,892	\$ 768,972	\$ 204,843
(2) Shares outstanding	163,226	20,692	475,353	29,680	567,291	187,863
(3) Shares authorized, \$.01 par value	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

The Accompanying Notes are an Integral Part of the Financial Statements

Growth Stock Portfolio	J.P. Morgan Select Growth and Income Stock Portfolio	Capital Guardian Domestic Equity Portfolio	Index 500 Stock Portfolio	Asset Allocation Portfolio	Balanced Portfolio	High Yield Bond Portfolio	Select Bond Portfolio	Money Market Portfolio
\$ 705,795	\$ 549,306	\$ 40,627	\$1,821,699	\$ 41,845	\$2,995,419	\$ 144,262	\$ 400,647	\$ 459,453
36	45	23	379	37	150	90	—	—
528	314	126	1,140	100	1,371	95	399	795
2,069	—	65	—	44	—	—	—	—
516	839	63	1,791	227	19,219	3,441	5,054	865
<u>708,944</u>	<u>550,504</u>	<u>40,904</u>	<u>1,825,009</u>	<u>42,253</u>	<u>3,016,159</u>	<u>147,888</u>	<u>406,100</u>	<u>461,113</u>
11,325	1,294	136	—	2,047	—	48	8	18
275	254	3	2,295	3	1,742	88	583	2,288
247	262	20	601	14	765	63	103	118
42	22	23	56	22	—	19	—	—
477	—	—	182	51	2,515	—	—	—
12,366	1,832	182	3,134	2,137	5,022	218	694	2,424
<u>\$ 696,578</u>	<u>\$ 548,672</u>	<u>\$ 40,722</u>	<u>\$1,821,875</u>	<u>\$ 40,116</u>	<u>\$3,011,137</u>	<u>\$ 147,670</u>	<u>\$ 405,406</u>	<u>\$ 458,689</u>
\$ 654,063	\$ 598,200	\$ 40,632	\$1,310,505	\$ 40,410	\$2,297,462	\$ 222,509	\$ 389,975	\$ 458,689
7,118	4,120	3	21,311	2	105,732	196	21,476	—
(53,135)	(29,958)	(183)	32,490	(202)	(22,305)	(65,411)	(2,381)	—
88,196	(23,690)	270	457,451	(125)	629,161	(9,624)	(3,664)	—
336	—	—	118	31	1,087	—	—	—
—	—	—	—	—	—	—	—	—
<u>\$ 696,578</u>	<u>\$ 548,672</u>	<u>\$ 40,722</u>	<u>\$1,821,875</u>	<u>\$ 40,116</u>	<u>\$3,011,137</u>	<u>\$ 147,670</u>	<u>\$ 405,406</u>	<u>\$ 458,689</u>
\$ 2.03	\$ 1.22	\$ 0.97	\$ 2.87	\$ 0.97	\$ 1.82	\$ 0.65	\$ 1.20	\$ 1.00
\$ 617,599	\$ 572,996	\$ 40,357	\$1,364,248	\$ 41,970	\$2,366,258	\$ 153,886	\$ 404,311	\$ 459,453
343,684	449,929	41,805	633,769	41,275	1,654,619	227,642	336,953	458,689
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	3,000,000	2,000,000	1,000,000	2,000,000

Statements of Operations

Northwestern Mutual Series Fund, Inc.

For the Year Ended December 31, 2001

(in thousands)

	Small Cap Growth Stock Portfolio	T. Rowe Price Small Cap Value Portfolio*	Aggressive Growth Stock Portfolio	International Growth Portfolio*	Franklin Templeton International Equity Portfolio	Index 400 Stock Portfolio	Growth Stock Portfolio
Investment Income							
Income							
Interest	\$ 1,746	\$ 17	\$ 5,835	\$ 17	\$ 2,467	\$ 744	\$ 3,857
Dividends (1)	231	84	2,537	103	17,934	1,625	6,255
Total Income	1,977	101	8,372	120	20,401	2,369	10,112
Expenses							
Management Fees	1,505	42	7,235	78	4,967	430	2,966
Custodian Expenses	28	5	26	27	515	89	16
Other Expenses	—	5	—	9	5	6	—
Audit Fees	15	16	17	16	20	15	16
Total Expenses	1,548	68	7,278	130	5,507	540	2,998
Less Waived Fees:							
Paid by Affiliate	—	(18)	—	(16)	—	—	—
Paid Indirectly	(4)	(1)	(6)	—	—	(4)	(4)
Total Net Expenses	1,544	49	7,272	114	5,507	536	2,994
Net Investment Income	433	52	1,100	6	14,894	1,833	7,118
Realized and Unrealized Gain (Loss) on Investments and Foreign Currencies							
Net Realized Gain (Loss) on:							
Investment Securities	(24,820)	12	10,034	(1,077)	(15,783)	2,309	(39,043)
Index Futures Contracts	2,146	—	(1,126)	—	—	(5,283)	(10,857)
Foreign Currency Transactions	—	—	—	(33)	(816)	—	—
Net Realized Gain (Loss) on Investments	(22,674)	12	8,908	(1,110)	(16,599)	(2,974)	(49,900)
Net Change in Unrealized Appreciation (Depreciation) of:							
Investment Securities	14,011	1,156	(346,340)	(1,247)	(107,389)	2,084	(70,228)
Index Futures Contracts	(132)	—	(2,468)	—	—	172	581
Foreign Currency Transactions	—	—	—	9	497	—	—
Net Change in Unrealized Appreciation (Depreciation) of Investments	13,879	1,156	(348,808)	(1,238)	(106,892)	2,256	(69,647)
Net Gain (Loss) on Investments	(8,795)	1,168	(339,900)	(2,348)	(123,491)	(718)	(119,547)
Net Increase (Decrease) in Net Assets							
Resulting from Operations	\$ (8,362)	\$ 1,220	\$ (338,800)	\$ (2,342)	\$ (108,597)	\$ 1,115	\$ (112,429)
(1) Net of Foreign dividend tax	\$ —	\$ —	\$ —	\$ 12	\$ 1,995	\$ —	\$ 7

* Commenced operations on 7/31/01.

The Accompanying Notes are an Integral Part of the Financial Statements

J.P. Morgan
Select Growth
and Income
Stock
Portfolio

Capital Guardian
Domestic Equity
Portfolio*

Index 500
Stock
Portfolio

Asset Allocation
Portfolio*

Balanced
Portfolio

High Yield Bond
Portfolio

Select Bond
Portfolio

Money Market
Portfolio

\$ 592	\$ 38	\$ 754	\$ 321	\$ 106,646	\$ 15,334	\$22,648	\$17,144
<u>6,693</u>	<u>227</u>	<u>24,426</u>	<u>62</u>	<u>18,188</u>	<u>1,083</u>	<u>—</u>	<u>—</u>
<u>7,285</u>	<u>265</u>	<u>25,180</u>	<u>383</u>	<u>124,834</u>	<u>16,417</u>	<u>22,648</u>	<u>17,144</u>
3,128	83	3,765	79	9,258	747	1,053	1,266
20	7	82	16	—	18	—	—
4	8	9	9	—	6	—	—
<u>16</u>	<u>16</u>	<u>17</u>	<u>16</u>	<u>—</u>	<u>19</u>	<u>—</u>	<u>—</u>
<u>3,168</u>	<u>114</u>	<u>3,873</u>	<u>120</u>	<u>9,258</u>	<u>790</u>	<u>1,053</u>	<u>1,266</u>
—	(20)	—	(23)	—	—	—	—
<u>(3)</u>	<u>—</u>	<u>(4)</u>	<u>—</u>	<u>—</u>	<u>(2)</u>	<u>—</u>	<u>—</u>
<u>3,165</u>	<u>94</u>	<u>3,869</u>	<u>97</u>	<u>9,258</u>	<u>788</u>	<u>1,053</u>	<u>1,266</u>
<u>4,120</u>	<u>171</u>	<u>21,311</u>	<u>286</u>	<u>115,576</u>	<u>15,629</u>	<u>21,595</u>	<u>15,878</u>
(19,827)	(183)	33,269	(356)	32,806	(19,780)	5,570	—
<u>—</u>	<u>—</u>	<u>(450)</u>	<u>154</u>	<u>(44,054)</u>	<u>—</u>	<u>4,512</u>	<u>—</u>
<u>(19,827)</u>	<u>(183)</u>	<u>32,819</u>	<u>(202)</u>	<u>(11,248)</u>	<u>(19,780)</u>	<u>10,082</u>	<u>—</u>
(30,330)	270	(303,181)	(125)	(209,330)	10,959	1,598	—
<u>—</u>	<u>—</u>	<u>907</u>	<u>31</u>	<u>1,563</u>	<u>—</u>	<u>56</u>	<u>—</u>
<u>(30,330)</u>	<u>270</u>	<u>(302,274)</u>	<u>(94)</u>	<u>(207,767)</u>	<u>10,959</u>	<u>1,654</u>	<u>—</u>
<u>(50,157)</u>	<u>87</u>	<u>(269,455)</u>	<u>(296)</u>	<u>(219,015)</u>	<u>(8,821)</u>	<u>11,736</u>	<u>—</u>
<u>\$(46,037)</u>	<u>\$ 258</u>	<u>\$(248,144)</u>	<u>\$ (10)</u>	<u>\$(103,439)</u>	<u>\$ 6,808</u>	<u>\$33,331</u>	<u>\$15,878</u>
\$ 7	\$ 1	\$ 121	\$ 2	\$ 91	\$ —	\$ —	\$ —

Statements of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Small Cap Growth Stock Portfolio

	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000
	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 433	\$ 349
Net Realized Loss on Investments	(22,674)	(4,090)
Net Change in Unrealized Appreciation (Depreciation) of Investments for the Period	13,879	(5,252)
Net Decrease in Net Assets Resulting from Operations	(8,362)	(8,993)
Distributions to Shareholders from:		
Net Investment Income	(19)	(330)
Net Realized Gain on Investments	(5)	(4,666)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(24)	(4,996)
Fund Share Transactions		
Proceeds from Sale of 45,505 and 110,714 Shares	78,169	222,618
Proceeds from Shares Issued on Reinvestment of Distributions Paid (13 and 2,632 shares, respectively)	24	4,996
Payments for 17,164 and 18,323 Shares Redeemed	(28,673)	(34,794)
Net Increase in Net Assets Resulting from Fund Share Transactions (28,354 and 95,023 shares, respectively)	49,520	192,820
Total Increase in Net Assets	41,134	178,831
Net Assets		
Beginning of Period	250,314	71,483
End of Period (Includes undistributed net investment income of \$433 and \$19, respectively)	\$291,448	\$250,314

For the Period
July 31, 2001**
through
December 31,
2001

T. Rowe Price Small Cap Value Portfolio

	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 52	
Net Realized Gain on Investments	12	
Net Change in Unrealized Appreciation of Investments for the Period	1,156	
Net Increase in Net Assets Resulting from Operations	1,220	
Distributions to Shareholders from:		
Net Investment Income	(51)	
Net Realized Gain on Investments	—	
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(51)	
Fund Share Transactions		
Proceeds from Sale of 22,033 Shares	21,131	
Proceeds from Shares Issued on Reinvestment of Distributions Paid of 50 shares	51	
Payments for 1,391 Shares Redeemed	(1,348)	
Net Increase in Net Assets Resulting from Fund Share Transactions of 20,692 shares	19,834	
Total Increase in Net Assets	21,003	
Net Assets		
Beginning of Period	—	
End of Period (Includes undistributed net investment income of \$10)	\$21,003	

** Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

Statements of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Aggressive Growth Stock Portfolio

For the
Year Ended
December 31,
2001

For the
Year Ended
December 31,
2000

(In thousands)

Increase in Net Assets

Operations

Net Investment Income	\$ 1,100	\$ 1,517
Net Realized Gain on Investments	8,908	310,647
Net Change in Unrealized Depreciation of Investments for the Period	(348,808)	(224,154)
Net Increase (Decrease) in Net Assets Resulting from Operations	(338,800)	88,010

Distributions to Shareholders from:

Net Investment Income	(1,517)	—
Net Realized Gain on Investments	(310,659)	(203,984)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(312,176)	(203,984)

Fund Share Transactions

Proceeds from Sale of 86,780 and 178,227 Shares	305,560	890,503
Proceeds from Shares Issued on Reinvestment of Distributions Paid (101,785 and 45,880 shares, respectively)	312,176	203,984
Payments for 92,520 and 153,808 Shares Redeemed	(320,897)	(767,811)
Net Increase in Net Assets Resulting from Fund Share Transactions (96,045 and 70,299 shares, respectively)	296,839	326,676

Total Increase (Decrease) in Net Assets	(354,137)	210,702
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Net Assets

Beginning of Period	1,696,013	1,485,311
End of Period (Includes undistributed net investment income of \$1,100 and \$1,517, respectively)	<u>\$1,341,876</u>	<u>\$1,696,013</u>

For the Period
July 31, 2001**
through
December 31,
2001

(In thousands)

Increase in Net Assets

Operations

Net Investment Income	\$ 6
Net Realized Loss on Investments	(1,110)
Net Change in Unrealized Depreciation of Investments for the Period	(1,238)
Net Decrease in Net Assets Resulting from Operations	(2,342)

Distributions to Shareholders from:

Net Investment Income	—
Net Realized Gain on Investments	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	—

Fund Share Transactions

Proceeds from Sale of 29,730 Shares	29,286
Proceeds from Shares Issued on Reinvestment of Distributions Paid of 0 Shares	—
Payments for 50 Shares Redeemed	(44)
Net Increase in Net Assets Resulting from Fund Share Transactions of 29,680 Shares	29,242

Total Increase in Net Assets	26,900
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Net Assets

Beginning of Period	—
End of Period (Includes undistributed net investment income of \$0)	<u>\$26,900</u>

** Portfolio commenced operations July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

Statements of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Franklin Templeton International Equity Portfolio

	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000
	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 14,894	\$ 14,106
Net Realized Gain (Loss) on Investments	(16,599)	66,384
Net Change in Unrealized Depreciation of Investments for the Period	(106,892)	(78,157)
Net Decrease in Net Assets Resulting from Operations	(108,597)	2,333
Distributions to Shareholders from:		
Net Investment Income	(13,356)	(16,173)
Net Realized Gain on Investments	(67,555)	(41,802)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(80,911)	(57,975)
Fund Share Transactions		
Proceeds from Sale of 897,043 and 842,807 Shares	1,261,855	1,389,357
Proceeds from Shares Issued on Reinvestment of Distributions Paid (57,917 and 37,092 shares, respectively)	80,911	57,975
Payments for 883,476 and 817,728 Shares Redeemed	(1,246,462)	(1,354,243)
Net Increase in Net Assets Resulting from Fund Share Transactions (71,484 and 62,171 shares, respectively)	96,304	93,089
Total Increase (Decrease) in Net Assets	(93,204)	37,447
Net Assets		
Beginning of Period	809,617	772,170
End of Period (Includes undistributed net investment income of \$13,635 and \$12,912, respectively)	\$ 716,413	\$ 809,617

Index 400 Stock Portfolio

	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000
	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 1,833	\$ 1,888
Net Realized Gain (Loss) on Investments	(2,974)	14,347
Net Change in Unrealized Appreciation (Depreciation) of Investments for the Period	2,256	(333)
Net Increase in Net Assets Resulting from Operations	1,115	15,902
Distributions to Shareholders from:		
Net Investment Income	(21)	(1,867)
Net Realized Gain on Investments	(2,155)	(13,495)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(2,176)	(15,362)
Fund Share Transactions		
Proceeds from Sale of 77,185 and 80,621 Shares	84,032	99,261
Proceeds from Shares Issued on Reinvestment of Distributions Paid (1,962 and 14,227 shares, respectively)	2,176	15,362
Payments for 11,583 and 28,116 Shares Redeemed	(12,029)	(37,191)
Net Increase in Net Assets Resulting from Fund Share Transactions (67,564 and 66,732 shares, respectively)	74,179	77,432
Total Increase in Net Assets	73,118	77,972
Net Assets		
Beginning of Period	137,616	59,644
End of Period (Includes undistributed net investment income of \$1,833 and \$21, respectively)	\$210,734	\$137,616

The Accompanying Notes are an Integral Part of the Financial Statements

Statements of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Growth Stock Portfolio

	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000
	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 7,118	\$ 8,419
Net Realized Gain (Loss) on Investments	(49,900)	25,170
Net Change in Unrealized Depreciation of Investments for the Period	(69,647)	(55,596)
Net Decrease in Net Assets Resulting from Operations	(112,429)	(22,007)
Distributions to Shareholders from:		
Net Investment Income	(5,419)	(4,365)
Net Realized Gain on Investments	(25,531)	(30,683)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(30,950)	(35,048)
Fund Share Transactions		
Proceeds from Sale of 37,823 and 53,298 Shares	81,112	140,509
Proceeds from Shares Issued on Reinvestment of Distributions Paid (14,152 and 13,623 shares, respectively)	30,950	35,048
Payments for 20,655 and 9,117 Shares Redeemed	(42,921)	(23,820)
Net Increase in Net Assets Resulting from Fund Share Transactions (31,320 and 57,804 shares, respectively)	69,141	151,737
Total Increase (Decrease) in Net Assets	(74,238)	94,682
Net Assets		
Beginning of Period	770,816	676,134
End of Period (Includes undistributed net investment income of \$7,118 and \$5,419, respectively)	\$696,578	\$770,816

J.P. Morgan Select Growth & Income Stock Portfolio

	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000
	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 4,120	\$ 4,262
Net Realized Gain (Loss) on Investments	(19,827)	9,404
Net Change in Unrealized Depreciation of Investments for the Period	(30,330)	(57,201)
Net Decrease in Net Assets Resulting from Operations	(46,037)	(43,535)
Distributions to Shareholders from:		
Net Investment Income	(4,262)	(4,979)
Net Realized Gain on Investments	(15,376)	(30,759)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(19,638)	(35,738)
Fund Share Transactions		
Proceeds from Sale of 39,693 and 23,840 Shares	49,815	35,146
Proceeds from Shares Issued on Reinvestment of Distributions Paid (15,282 and 24,732 shares, respectively)	19,638	35,738
Payments for 28,597 and 48,882 Shares Redeemed	(35,087)	(73,182)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (26,378 and (310) shares, respectively)	34,366	(2,298)
Total Decrease in Net Assets	(31,309)	(81,571)
Net Assets		
Beginning of Period	579,981	661,552
End of Period (Includes undistributed net investment income of \$4,120 and \$4,262, respectively)	\$548,672	\$579,981

The Accompanying Notes are an Integral Part of the Financial Statements

Statements of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Capital Guardian Domestic Equity Portfolio

For the Period
July 31, 2001**
through
December 31,
2001

(In thousands)

Increase in Net Assets	
Operations	
Net Investment Income	\$ 171
Net Realized Loss on Investments	(183)
Net Change in Unrealized Appreciation of Investments for the Period	270
Net Increase in Net Assets Resulting from Operations	258
Distributions to Shareholders from:	
Net Investment Income	(168)
Net Realized Gain on Investments	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(168)
Fund Share Transactions	
Proceeds from Sale of 42,542 Shares	41,341
Proceeds from Shares Issued on Reinvestment of Distributions Paid of 174 shares	168
Payments for 911 Shares Redeemed	(877)
Net Increase in Net Assets Resulting from Fund Share Transactions of 41,805 shares	40,632
Total Increase in Net Assets	40,722
Net Assets	
Beginning of Period	—
End of Period (Includes undistributed net investment income of \$3)	\$40,722

** Portfolio commenced operations July 31, 2001.

Index 500 Stock Portfolio

For the
Year Ended
December 31,
2001

For the
Year Ended
December 31,
2000

(In thousands)

Increase in Net Assets		
Operations		
Net Investment Income	\$ 21,311	\$ 24,105
Net Realized Gain on Investments	32,819	60,105
Net Change in Unrealized Depreciation of Investments for the Period	(302,274)	(283,247)
Net Decrease in Net Assets Resulting from Operations	(248,144)	(199,037)
Distributions to Shareholders from:		
Net Investment Income	(24,105)	(22,921)
Net Realized Gain on Investments	(59,088)	(65,358)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(83,193)	(88,279)
Fund Share Transactions		
Proceeds from Sale of 47,523 and 39,698 Shares	142,837	147,411
Proceeds from Shares Issued on Reinvestment of Distributions Paid (26,836 and 24,022 shares, respectively) ..	83,193	88,279
Payments for 49,022 and 39,762 Shares Redeemed	(145,755)	(147,393)
Net Increase in Net Assets Resulting from Fund Share Transactions (25,337 and 23,958 shares, respectively)	80,275	88,297
Total Decrease in Net Assets	(251,062)	(199,019)
Net Assets		
Beginning of Period	2,072,937	2,271,956
End of Period (Includes undistributed net investment income of \$21,311 and \$24,105, respectively)	\$1,821,875	\$2,072,937

The Accompanying Notes are an Integral Part of the Financial Statements

Statements of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Asset Allocation Portfolio

For the Period
July 31, 2001**
through
December 31,
2001

(In thousands)

Increase in Net Assets

Operations

Net Investment Income	\$ 286
Net Realized Loss on Investments	(202)
Net Change in Unrealized Depreciation of Investments for the Period	(94)
Net Decrease in Net Assets Resulting from Operations	(10)

Distributions to Shareholders from:

Net Investment Income	(284)
Net Realized Gain on Investments	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(284)

Fund Share Transactions

Proceeds from Sale of 41,212 Shares	40,347
Proceeds from Shares Issued on Reinvestment of Distributions Paid of 292 shares	284
Payments for 229 Shares Redeemed	(221)
Net Increase in Net Assets Resulting from Fund Share Transactions of 41,275 shares	40,410

Total Increase in Net Assets	40,116
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Net Assets

Beginning of Period	—
End of Period (Includes undistributed net investment income of \$2)	\$40,116

** Portfolio commenced operations July 31, 2001.

Balanced Portfolio

For the
Year Ended
December 31,
2001

For the
Year Ended
December 31,
2000

(In thousands)

Increase in Net Assets

Operations

Net Investment Income	\$ 115,576	\$ 118,443
Net Realized Gain (Loss) on Investments	(11,248)	108,200
Net Change in Unrealized Depreciation of Investments for the Period	(207,767)	(230,492)
Net Decrease in Net Assets Resulting from Operations	(103,439)	(3,849)

Distributions to Shareholders from:

Net Investment Income	(127,987)	(114,893)
Net Realized Gain on Investments	(112,544)	(167,534)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(240,531)	(282,427)

Fund Share Transactions

Proceeds from Sale of 44,213 and 17,894 Shares	82,145	37,754
Proceeds from Shares Issued on Reinvestment of Distributions Paid (129,457 and 139,058 shares, respectively)	240,531	282,427
Payments for 118,592 and 158,895 Shares Redeemed	(220,768)	(338,606)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (55,078 and (1,943) shares, respectively)	101,908	(18,425)

Total Decrease in Net Assets	(242,062)	(304,701)
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Net Assets

Beginning of Period	3,253,199	3,557,900
End of Period (Includes undistributed net investment income of \$105,732 and \$117,944, respectively)	\$3,011,137	\$3,253,199

The Accompanying Notes are an Integral Part of the Financial Statements

Statements of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

High Yield Bond Portfolio

	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000
	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 15,629	\$ 16,296
Net Realized Loss on Investments	(19,780)	(15,781)
Net Change in Unrealized Appreciation (Depreciation) of Investments for the Period	10,959	(7,398)
Net Increase (Decrease) in Net Assets Resulting from Operations	6,808	(6,883)
Distributions to Shareholders from:		
Net Investment Income	(15,601)	(16,401)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(15,601)	(16,401)
Fund Share Transactions		
Proceeds from Sale of 35,236 and 12,332 Shares	25,721	9,921
Proceeds from Shares Issued on Reinvestment of Distributions Paid (24,080 and 23,819 shares, respectively)	15,601	16,401
Payments for 31,719 and 32,449 Shares Redeemed	(23,066)	(26,255)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (27,597 and 3,702 shares, respectively)	18,256	67
Total Increase (Decrease) in Net Assets	9,463	(23,217)
Net Assets		
Beginning of Period	138,207	161,424
End of Period (Includes undistributed net investment income of \$196 and \$168, respectively)	\$147,670	\$138,207

Select Bond Portfolio

	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000
	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 21,595	\$ 19,180
Net Realized Gain (Loss) on Investments	10,082	(5,024)
Net Change in Unrealized Appreciation of Investments for the Period	1,654	13,071
Net Increase in Net Assets Resulting from Operations	33,331	27,227
Distributions to Shareholders from:		
Net Investment Income	(19,294)	(19,349)
Net Realized Gain on Investments	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(19,294)	(19,349)
Fund Share Transactions		
Proceeds from Sale of 87,848 and 19,112 Shares	104,150	21,374
Proceeds from Shares Issued on Reinvestment of Distributions Paid (16,955 and 18,463 shares, respectively)	19,294	19,349
Payments for 20,005 and 38,678 Shares Redeemed	(23,753)	(43,416)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (84,798 and (1,103) shares, respectively)	99,691	(2,693)
Total Increase in Net Assets	113,728	5,185
Net Assets		
Beginning of Period	291,678	286,493
End of Period (Includes undistributed net investment income of \$21,476 and \$18,919, respectively)	\$405,406	\$291,678

The Accompanying Notes are an Integral Part of the Financial Statements

Statements of Changes in Net Assets

Northwestern Mutual Series Fund, Inc.

Money Market Portfolio

For the
Year Ended
December 31,
2001

For the
Year Ended
December 31,
2000

	(In thousands)	
Increase in Net Assets		
Operations		
Net Investment Income	\$ 15,878	\$ 22,612
Net Increase in Net Assets Resulting from Operations	15,878	22,612
Distributions to Shareholders from:		
Net Investment Income	(15,878)	(22,612)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(15,878)	(22,612)
Fund Share Transactions		
Proceeds from Sale of 1,720,066 and 2,096,168 Shares	1,720,084	2,096,166
Proceeds from Shares Issued on Reinvestment of Distributions Paid (15,879 and 22,612 shares, respectively)	15,879	22,612
Payments for 1,661,729 and 2,138,607 Shares Redeemed	(1,661,729)	(2,138,607)
Net Increase (Decrease) in Net Assets Resulting from Fund Share Transactions (74,216 and (19,827) shares, respectively)	74,234	(19,829)
Total Increase (Decrease) in Net Assets	74,234	(19,829)
Net Assets		
Beginning of Period	384,455	404,284
End of Period (No undistributed net investment income)	\$ 458,689	\$ 384,455

The Accompanying Notes are an Integral Part of the Financial Statements

Northwestern Mutual Series Fund, Inc.

Small Cap Growth Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,		For the Period April 30, 1999* through December 31, 1999
	2001	2000	
Selected Per Share Data			
Net Asset Value, Beginning of Period	\$ 1.86	\$ 1.79	\$ 1.00
Income from Investment Operations:			
Net Investment Income	—	—	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.07)	0.13	0.85
Total from Investment Operations	(0.07)	0.13	0.85
Less Distributions:			
Distributions from Net Investment Income	—	—	—
Distributions from Realized Gains on Investments	—	(0.06)	(0.06)
Total Distributions	—	(0.06)	(0.06)
Net Asset Value, End of Period	\$ 1.79	\$ 1.86	\$ 1.79
Total Return†	(3.76%)	6.71%	86.09%
Ratios and Supplemental Data			
Net Assets, End of Period (in thousands)	\$291,448	\$250,314	\$71,483
Ratio of Gross Expenses to Average Net Assets	0.60%	0.67%	1.03%***
Ratio of Net Expenses to Average Net Assets	0.60%	0.67%	1.00%***
Ratio of Net Investment Income (Loss) to Average Net Assets	0.17%	0.19%	(0.07%)***
Portfolio Turnover Rate	70.58%	86.13%	70.72%

T. Rowe Price Small Cap Value Portfolio

(For a share outstanding throughout the period)

	For the Period July 31, 2001** through December 31, 2001	
Selected Per Share Data		
Net Asset Value, Beginning of Period		\$ 1.00
Income from Investment Operations:		
Net Investment Income		—
Net Realized and Unrealized Gains on Investments		0.02
Total from Investment Operations		0.02
Less Distributions:		
Distributions from Net Investment Income		—
Distributions from Realized Gains on Investments		—
Total Distributions		—
Net Asset Value, End of Period		\$ 1.02
Total Return†		1.76%
Ratios and Supplemental Data		
Net Assets, End of Period (in thousands)		\$21,003
Ratio of Gross Expenses to Average Net Assets		1.36%***
Ratio of Net Expenses to Average Net Assets		1.00%***
Ratio of Net Investment Income to Average Net Assets		1.03%***
Portfolio Turnover Rate		49.70%

* Portfolio commenced operations April 30, 1999.

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Aggressive Growth Stock Portfolio

(For a share outstanding throughout the period)	For the Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 4.47	\$ 4.81	\$ 3.46	\$ 3.34	\$ 3.15
Income from Investment Operations:					
Net Investment Income	—	—	—	—	—
Net Realized and Unrealized Gains (Losses) on Investments	(0.83)	0.29	1.48	0.24	0.39
Total from Investment Operations	(0.83)	0.29	1.48	0.24	0.39
Less Distributions:					
Distributions from Net Investment Income	—	—	—	—	—
Distributions from Realized Gains on Investments	(0.82)	(0.63)	(0.13)	(0.12)	(0.20)
Total Distributions	(0.82)	(0.63)	(0.13)	(0.12)	(0.20)
Net Asset Value, End of Period	\$ 2.82	\$ 4.47	\$ 4.81	\$ 3.46	\$ 3.34
Total Return†	(19.87%)	6.18%	43.78%	7.56%	13.86%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$1,341,876	\$1,696,013	\$1,485,311	\$1,137,466	\$1,067,068
Ratio of Expenses to Average Net Assets	0.52%	0.52%	0.51%	0.52%	0.53%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.08%	0.09%	(0.02%)	0.04%	0.06%
Portfolio Turnover Rate	70.40%	63.18%	68.64%	50.43%	57.27%

International Growth Portfolio

(For a share outstanding throughout the period)	For the Period July 31, 2001** through December 31, 2001
Selected Per Share Data	
Net Asset Value, Beginning of Period	\$ 1.00
Income from Investment Operations:	
Net Investment Income	—
Net Realized and Unrealized Gains on Investments	(0.09)
Total from Investment Operations	(0.09)
Less Distributions:	
Distributions from Net Investment Income	—
Distributions from Realized Gains on Investments	—
Total Distributions	—
Net Asset Value, End of Period	\$ 0.91
Total Return†	(9.40%)
Ratios and Supplemental Data	
Net Assets, End of Period (in thousands)	\$26,900
Ratio of Gross Expenses to Average Net Assets	1.25%***
Ratio of Net Expenses to Average Net Assets	1.10%***
Ratio of Net Investment Income to Average Net Assets	0.05%***
Portfolio Turnover Rate	18.45%

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Northwestern Mutual Series Fund, Inc.

Franklin Templeton International Equity Portfolio

(For a share outstanding throughout the period)	For the Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.63	\$ 1.78	\$ 1.68	\$ 1.69	\$ 1.56
Income from Investment Operations:					
Net Investment Income	0.02	0.02	0.03	0.05	0.04
Net Realized and Unrealized Gains on Investments	(0.23)	(0.04)	0.33	0.04	0.15
Total from Investment Operations	(0.21)	(0.02)	0.36	0.09	0.19
Less Distributions:					
Distributions from Net Investment Income	(0.03)	(0.04)	(0.05)	(0.04)	(0.04)
Distributions from Realized Gains on Investments	(0.13)	(0.09)	(0.21)	(0.06)	(0.02)
Total Distributions	(0.16)	(0.13)	(0.26)	(0.10)	(0.06)
Net Asset Value, End of Period	\$ 1.26	\$ 1.63	\$ 1.78	\$ 1.68	\$ 1.69
Total Return†	(14.00%)	(0.79%)	22.88%	4.82%	12.28%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$716,413	\$809,617	\$772,170	\$671,106	\$659,850
Ratio of Expenses to Average Net Assets	0.74%	0.73%	0.74%	0.76%	0.77%
Ratio of Net Investment Income to Average Net Assets	1.99%	1.77%	2.62%	3.38%	2.75%
Portfolio Turnover Rate	34.52%	26.95%	38.37%	30.41%	16.74%

Index 400 Stock Portfolio

(For a share outstanding throughout the period)	For the Year Ended December 31,		For the Period April 30, 1999* through December 31, 1999
	2001	2000	1999
Selected Per Share Data			
Net Asset Value, Beginning of Period	\$ 1.14	\$ 1.11	\$ 1.00
Income from Investment Operations:			
Net Investment Income	—	0.01	0.01
Net Realized and Unrealized Gains (Losses) on Investments	(0.01)	0.16	0.12
Total from Investment Operations	(0.01)	0.18	0.13
Less Distributions:			
Distributions from Net Investment Income	—	(0.02)	(0.01)
Distributions from Realized Gains on Investments	(0.01)	(0.13)	(0.01)
Total Distributions	(0.01)	(0.15)	(0.02)
Net Asset Value, End of Period	\$ 1.12	\$ 1.14	\$ 1.11
Total Return†	(0.65%)	17.21%	12.83%
Ratios and Supplemental Data			
Net Assets, End of Period (in thousands)	\$210,734	\$137,616	\$59,644
Ratio of Gross Expenses to Average Net Assets	0.31%	0.32%	0.46%***
Ratio of Net Expenses to Average Net Assets	0.31%	0.32%	0.35%***
Ratio of Net Investment Income to Average Net Assets	1.06%	1.71%	1.69%***
Portfolio Turnover Rate	19.06%	54.60%	26.51%

* Portfolio commenced operations April 30, 1999.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Growth Stock Portfolio

(For a share outstanding throughout the period)	For the Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 2.47	\$ 2.66	\$ 2.25	\$ 1.81	\$ 1.46
Income from Investment Operations:					
Net Investment Income	0.02	0.03	0.03	0.02	0.02
Net Realized and Unrealized Gains (Losses) on Investments	(0.36)	(0.09)	0.47	0.46	0.42
Total from Investment Operations	(0.34)	(0.06)	0.50	0.48	0.44
Less Distributions:					
Distributions from Net Investment Income	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)
Distributions from Realized Gains on Investments	(0.08)	(0.11)	(0.06)	(0.02)	(0.07)
Total Distributions	(0.10)	(0.13)	(0.09)	(0.04)	(0.09)
Net Asset Value, End of Period	\$ 2.03	\$ 2.47	\$ 2.66	\$ 2.25	\$ 1.81
Total Return†	(14.22%)	(2.49%)	22.50%	26.69%	29.85%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$696,578	\$770,816	\$676,134	\$421,282	\$243,071
Ratio of Expenses to Average Net Assets	0.43%	0.43%	0.43%	0.46%	0.49%
Ratio of Net Investment Income to Average Net Assets	1.01%	1.12%	1.22%	1.10%	1.24%
Portfolio Turnover Rate	27.98%	28.01%	27.26%	21.64%	33.20%

J.P. Morgan Select Growth & Income Stock Portfolio

(For a share outstanding throughout the period)	For the Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.37	\$ 1.56	\$ 1.62	\$ 1.33	\$ 1.32
Income from Investment Operations:					
Net Investment Income	0.01	0.01	0.01	0.01	0.01
Net Realized and Unrealized Gains (Losses) on Investments	(0.11)	(0.11)	0.12	0.29	0.37
Total from Investment Operations	(0.10)	(0.10)	0.13	0.30	0.38
Less Distributions:					
Distributions from Net Investment Income	(0.01)	(0.01)	—	(0.01)	(0.01)
Distributions from Realized Gains on Investments	(0.04)	(0.08)	(0.19)	—	(0.36)
Total Distributions	(0.05)	(0.09)	(0.19)	(0.01)	(0.37)
Net Asset Value, End of Period	\$ 1.22	\$ 1.37	\$ 1.56	\$ 1.62	\$ 1.33
Total Return†	(7.77%)	(6.97%)	7.47%	23.14%	30.03%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$548,672	\$579,981	\$661,552	\$570,970	\$371,935
Ratio of Expenses to Average Net Assets	0.58%	0.57%	0.57%	0.58%	0.60%
Ratio of Net Investment Income to Average Net Assets	0.75%	0.68%	0.80%	1.00%	1.04%
Portfolio Turnover Rate	44.37%	47.67%	106.93%	160.40%	144.52%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees.

The Accompanying Notes are an Integral Part of the Financial Statements.

Northwestern Mutual Series Fund, Inc.

Capital Guardian Domestic Equity Portfolio

For the Period
July 31, 2001**
through
December 31,
2001

(For a share outstanding throughout the period)

Selected Per Share Data	
Net Asset Value, Beginning of Period	\$ 1.00
Income from Investment Operations:	
Net Investment Income	—
Net Realized and Unrealized Gains on Investments	(0.03)
Total from Investment Operations	(0.03)
Less Distributions:	
Distributions from Net Investment Income	—
Distributions from Realized Gains on Investments	—
Total Distributions	—
Net Asset Value, End of Period	\$ 0.97
Total Return†	(2.19%)
Ratios and Supplemental Data	
Net Assets, End of Period (in thousands)	\$40,722
Ratio of Gross Expenses to Average Net Assets	0.90%***
Ratio of Net Expenses to Average Net Assets	0.75%***
Ratio of Net Investment Income to Average Net Assets	1.32%***
Portfolio Turnover Rate	18.98%

Index 500 Stock Portfolio

(For a share outstanding throughout the period)

	For the Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 3.41	\$ 3.89	\$ 3.29	\$ 2.64	\$ 2.06
Income from Investment Operations:					
Net Investment Income	0.03	0.04	0.04	0.04	0.04
Net Realized and Unrealized Gains (Losses) on Investments	(0.43)	(0.37)	0.64	0.71	0.62
Total from Investment Operations	(0.40)	(0.33)	0.68	0.75	0.66
Less Distributions:					
Distributions from Net Investment Income	(0.04)	(0.04)	(0.03)	(0.04)	(0.04)
Distributions from Realized Gains on Investments	(0.10)	(0.11)	(0.05)	(0.06)	(0.04)
Total Distributions	(0.14)	(0.15)	(0.08)	(0.10)	(0.08)
Net Asset Value, End of Period	\$ 2.87	\$ 3.41	\$ 3.89	\$ 3.29	\$ 2.64
Total Return†	(11.88%)	(8.75%)	20.91%	28.72%	33.20%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$1,821,875	\$2,072,937	\$2,271,956	\$1,690,680	\$1,152,857
Ratio of Expenses to Average Net Assets	0.21%	0.20%	0.20%	0.21%	0.21%
Ratio of Net Investment Income to Average Net Assets	1.13%	1.08%	1.16%	1.40%	1.86%
Portfolio Turnover Rate	2.92%	6.47%	5.65%	3.03%	3.15%

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Asset Allocation Portfolio

(For a share outstanding throughout the period)

For the Period
July 31, 2001**
through
December 31,
2001

Selected Per Share Data	
Net Asset Value, Beginning of Period	\$ 1.00
Income from Investment Operations:	
Net Investment Income	0.01
Net Realized and Unrealized Gains on Investments	(0.03)
Total from Investment Operations	(0.02)
Less Distributions:	
Distributions from Net Investment Income	(0.01)
Distributions from Realized Gains on Investments	—
Total Distributions	(0.01)
Net Asset Value, End of Period	\$ 0.97
Total Return†	(2.10%)
Ratios and Supplemental Data	
Net Assets, End of Period (in thousands)	\$40,116
Ratio of Gross Expenses to Average Net Assets	0.92%***
Ratio of Net Expenses to Average Net Assets	0.75%***
Ratio of Net Investment Income to Average Net Assets	2.19%***
Portfolio Turnover Rate	55.88%

Balanced Portfolio

(For a share outstanding throughout the period)

For the Year Ended December 31,

	2001	2000	1999	1998	1997
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 2.03	\$ 2.22	\$ 2.22	\$ 1.99	\$ 1.72
Income from Investment Operations:					
Net Investment Income	0.08	0.08	0.07	0.07	0.07
Net Realized and Unrealized Gains (Losses) on Investments	(0.13)	(0.09)	0.17	0.29	0.28
Total from Investment Operations	(0.05)	(0.01)	0.24	0.36	0.35
Less Distributions:					
Distributions from Net Investment Income	(0.08)	(0.07)	(0.07)	(0.07)	(0.06)
Distributions from Realized Gains on Investments	(0.08)	(0.11)	(0.17)	(0.06)	(0.02)
Total Distributions	(0.16)	(0.18)	(0.24)	(0.13)	(0.08)
Net Asset Value, End of Period	\$ 1.82	\$ 2.03	\$ 2.22	\$ 2.22	\$ 1.99
Total Return†	(3.15%)	(0.17%)	11.18%	18.88%	21.52%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$3,011,137	\$3,253,199	\$3,557,900	\$3,282,071	\$2,788,494
Ratio of Expenses to Average Net Assets	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Investment Income to Average Net Assets	3.75%	3.47%	3.36%	3.48%	3.70%
Portfolio Turnover Rate	50.37%	24.36%	27.16%	44.18%	29.94%

** Portfolio commenced operations July 31, 2001.

*** Computed on an annualized basis.

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees, not annualized for periods less than one year.

The Accompanying Notes are an Integral Part of the Financial Statements.

Northwestern Mutual Series Fund, Inc.

High Yield Bond Portfolio

	For the Year Ended December 31,				
	2001	2000	1999	1998	1997
<i>(For a share outstanding throughout the period)</i>					
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 0.69	\$ 0.82	\$ 0.94	\$ 1.06	\$ 1.10
Income from Investment Operations:					
Net Investment Income	0.08	0.09	0.11	0.10	0.11
Net Realized and Unrealized Gains (Losses) on Investments	(0.04)	(0.13)	(0.12)	(0.12)	0.06
Total from Investment Operations	0.04	(0.04)	(0.01)	(0.02)	0.17
Less Distributions:					
Distributions from Net Investment Income	(0.08)	(0.09)	(0.11)	(0.10)	(0.14)
Distributions from Realized Gains on Investments	—	—	—	—	(0.07)
Total Distributions	(0.08)	(0.09)	(0.11)	(0.10)	(0.21)
Net Asset Value, End of Period	\$ 0.65	\$ 0.69	\$ 0.82	\$ 0.94	\$ 1.06
Total Return†	5.03%	(4.60%)	(0.44%)	(1.84%)	15.85%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$147,670	\$138,207	\$161,424	\$184,782	\$153,038
Ratio of Gross Expenses to Average Net Assets	0.53%	0.53%	0.50%	0.50%	0.55%
Ratio of Net Expenses to Average Net Assets	0.53%	0.52%	0.50%	0.50%	0.55%
Ratio of Net Investment Income to Average Net Assets	10.48%	10.90%	11.15%	10.85%	9.95%
Portfolio Turnover Rate	96.41%	124.91%	139.87%	153.71%	129.49%

Select Bond Portfolio

	For the Year Ended December 31,				
	2001	2000	1999	1998	1997
<i>(For a share outstanding throughout the period)</i>					
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.16	\$ 1.13	\$ 1.25	\$ 1.26	\$ 1.22
Income from Investment Operations:					
Net Investment Income	0.06	0.08	0.08	0.08	0.08
Net Realized and Unrealized Gains (Losses) on Investments	0.05	0.03	(0.09)	—	0.04
Total from Investment Operations	0.11	0.11	(0.01)	0.08	0.12
Less Distributions:					
Distributions from Net Investment Income	(0.07)	(0.08)	(0.08)	(0.08)	(0.08)
Distributions from Realized Gains on Investments	—	—	(0.03)	(0.01)	—
Total Distributions	(0.07)	(0.08)	(0.11)	(0.09)	(0.08)
Net Asset Value, End of Period	\$ 1.20	\$ 1.16	\$ 1.13	\$ 1.25	\$ 1.26
Total Return†	10.37%	10.21%	(1.00%)	7.07%	9.46%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$405,406	\$291,678	\$286,493	\$298,034	\$244,835
Ratio of Expenses to Average Net Assets	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Investment Income to Average Net Assets	6.15%	6.84%	6.56%	6.87%	7.03%
Portfolio Turnover Rate	151.27%	139.89%	76.65%	161.79%	184.93%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees.

The Accompanying Notes are an Integral Part of the Financial Statements.

Financial Highlights

Northwestern Mutual Series Fund, Inc.

Money Market Portfolio

(For a share outstanding throughout the period)	For the Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected Per Share Data					
Net Asset Value, Beginning of Period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income from Investment Operations:					
Net Investment Income	0.04	0.06	0.05	0.05	0.05
Total from Investment Operations	0.04	0.06	0.05	0.05	0.05
Less Distributions:					
Distributions from Net Investment Income	(0.04)	(0.06)	(0.05)	(0.05)	(0.05)
Total Distributions	(0.04)	(0.06)	(0.05)	(0.05)	(0.05)
Net Asset Value, End of Period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total Return†	3.91%	6.28%	5.10%	5.43%	5.47%
Ratios and Supplemental Data					
Net Assets, End of Period (in thousands)	\$458,689	\$384,455	\$404,284	\$291,464	\$194,470
Ratio of Expenses to Average Net Assets	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of Net Investment Income to Average Net Assets	3.76%	6.08%	4.99%	5.26%	5.33%

† Total Return includes deductions for management and other fund expenses; excludes deductions for sales loads and account fees.

The Accompanying Notes are an Integral Part of the Financial Statements.

Northwestern Mutual Series Fund, Inc.

Notes to Financial Statements

December 31, 2001

Note 1 — Northwestern Mutual Series Fund, Inc. (the "Series Fund"), is registered as a diversified open-end investment company under the Investment Company Act of 1940. The Series Fund consists of the Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth & Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, Balanced Portfolio, High Yield Bond Portfolio, Select Bond Portfolio and the Money Market Portfolio (the "Portfolios"). Shares are presently offered only to The Northwestern Mutual Life Insurance Company ("Northwestern Mutual") and its segregated asset accounts.

On July 31, 2001, four new portfolios commenced operations in the Series Fund: T. Rowe Price Small Cap Value Portfolio, International Growth Stock Portfolio, Capital Guardian Domestic Equity Portfolio and the Asset Allocation Portfolio. These four new portfolios were each organized with 2,000,000,000 authorized shares of Common Stock. Par value is \$.01 per share. Northwestern Mutual purchased 25,010,000 shares of each of the International Growth Stock, Capital Guardian Domestic Equity, and the Asset Allocation Portfolios at \$1.00 per share and 5,010,000 shares of the T. Rowe Price Small Cap Value Portfolio at \$1.00 per share.

Note 2 — The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principal accounting policies are summarized below.

Note 3 — Stocks listed on a national or foreign stock exchange are valued at the final sale price, or final bid price in absence of a sale. Stocks not listed on a national or foreign stock exchange are valued at the closing bid price on the over-the-counter market. Bonds are valued on the basis of prices furnished by a service which determines prices for normal institutional size trading units of bonds. Money

market investments, other than in the Money Market Portfolio, with maturities exceeding sixty days but generally not exceeding one year are valued by marking to market on the basis of an average of the most recent bid prices or yields. Money market investments with maturities of sixty days or less and all securities in the Money Market Portfolio are valued on an amortized cost basis or, if the current market value differs substantially from the amortized cost, by marking to market. When quotations are not readily available, securities are valued at fair value determined by procedures approved by the Board of Directors.

Note 4 — Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated in U.S. dollar amounts on the respective dates of such transactions. When the International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Asset Allocation Portfolio, Balanced Portfolio and Select Bond Portfolio purchases or sells a foreign security they may enter into a foreign exchange currency contract to minimize market risk for the trade date to the settlement date of such transaction. Such foreign exchange currency contracts are marked to market daily.

The Portfolios may enter into forward foreign currency contracts to hedge against exchange rate risk arising from investments in securities denominated in foreign currencies. Contracts valued at the contractual forward rate are marked to market daily, with the change in market value recorded as an unrealized gain or loss. When the contracts are closed, a realized gain or loss is incurred. Risks may arise from changes in market value of the underlying instruments and from the possible inability of counterparties to meet the terms of their contracts.

The International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Asset Allocation Portfolio, Balanced Portfolio and Select Bond Portfolio do not separately report the results of operations due to changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized or unrealized gain or loss from investments.

Notes to Financial Statements

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade date and the settlement date on security transactions, the differences between the amounts of dividends and foreign withholding taxes recorded on the portfolio's books, and the U.S. dollar equivalent of the amounts actually received or paid.

Note 5 — The Small Cap Growth Stock, Aggressive Growth Stock, Index 400 Stock, Growth Stock, Index 500 Stock, Asset Allocation, Balanced and Select Bond Portfolios invest in futures contracts as an alternative to investing in individual securities. The Small Cap Growth Stock, Aggressive Growth Stock, Index 400 Stock, Growth Stock, Index 500 Stock,

Note 6 — Interest income and discounts earned are recorded daily on the accrual basis and dividend income is recorded on the ex-dividend date or as soon as information from foreign issues is available. Where applicable, dividends are recorded net of foreign dividend tax. Discounts and premiums on securities purchased are amortized over the life of the

Asset Allocation, Balanced and Select Bond Portfolios could be exposed to market risk due to changes in the value of the underlying securities or due to an illiquid secondary market. Futures contracts are marked to market daily based upon quoted settlement prices. The Portfolios receive from or pay to brokers an amount of cash equal to the daily fluctuation in the value of the contracts. Such receipts or payments, known as the "variation margin," are recorded by the Portfolios as unrealized gains or losses. When the contract is closed, the Portfolios record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

respective securities using the effective interest method. Securities transactions are accounted for on trade date. The basis for determining cost on sale of securities is identified cost. For the period ended December 31, 2001, transactions in securities other than money market investments were:

Portfolios	Total Security Purchases	U.S. Govt. Security Purchases	Total Security Sales/ Maturities	U.S. Govt. Security Sales/ Maturities
(Amounts in thousands)				
Small Cap Growth Stock	\$ 156,527		\$ 150,818	
T. Rowe Price SmallCap Value	25,344		5,650	
Aggressive Growth Stock	898,942		896,962	
International Growth Stock Portfolio	31,297		3,804	
Franklin Templeton International Equity	329,388		253,695	
Index 400 Stock	104,728		29,922	
Growth Stock	176,397		170,919	
J.P. Morgan Select Growth & Income Stock	238,281		242,860	
Capital Guardian Domestic Equity Portfolio	41,828		4,668	
Index 500 Stock	102,703		54,443	
Asset Allocation Portfolio	43,496	\$ 10,325	12,108	\$ 8,343
Balanced	1,353,488	811,300	1,392,247	1,019,349
High Yield Bond	131,766		131,426	
Select Bond	552,332	355,929	472,276	337,712

Note 7 — The Series Fund and its Portfolios are parties to annually renewable contracts pursuant to which each Portfolio pays a charge for investment management and administrative services. Each Portfolio pays at an annual rate based on the average daily net asset values of each Portfolio. For the

T. Rowe Price Small Cap Value Portfolio the rate is .85%, for the Index 500 Stock Portfolio the rate is .20%, for the Index 400 Stock Portfolio the rate is .25%, and for the Balanced, Select Bond and Money Market Portfolios the rate is .30%. For the other Portfolios the rate for the investment advisory

fee is graded by the asset size of the Portfolio according to the following schedule:

Portfolios	First \$50 Million	Next \$50 Million	Excess
Small Cap Growth Stock .....	.80%	.65%	.50%
Aggressive Growth Stock .....	.80%	.65%	.50%
Franklin Templeton International Equity .....	.85%	.65%	.65%
Growth Stock .....	.60%	.50%	.40%
J.P. Morgan Select Growth & Income Stock .....	.70%	.60%	.55%
High Yield Bond .....	.60%	.50%	.40%

Portfolios	First \$100 Million	Next \$150 Million	Excess
Capital Guardian Domestic Equity ...	.65%	.55%	.50%
International Growth Stock .....	.75%	.65%	.55%
Asset Allocation .....	.60%	.50%	.40%

These amounts are paid to Northwestern Mutual Investment Services, LLC ("NMIS"), a wholly owned company of Northwestern Mutual, which is the manager and investment adviser of the Fund. Northwestern Mutual is also a party to the agreement. Other costs for each Portfolio are paid either by the Portfolios, Northwestern Mutual, or NMIS depending upon the applicable agreement in place. Effective January 1, 2002, Mason Street Advisers, LLC ("MSA"), a wholly owned company of Northwestern Mutual, will replace NMIS as the manager and investment advisor of the Fund.

The Small Cap Growth Stock Portfolio, T. Rowe Price Small Cap Value Portfolio, Aggressive Growth Stock Portfolio, International Growth Stock Portfolio, Franklin Templeton International Equity Portfolio, Index 400 Stock Portfolio, Growth Stock Portfolio, J.P. Morgan Select Growth & Income Stock Portfolio, Capital Guardian Domestic Equity Portfolio, Index 500 Stock Portfolio, Asset Allocation Portfolio, and High Yield Bond Portfolio pay their own custodian fees. In addition, certain Portfolios pay a portion of their custodian fees indirectly through expense offset arrangements. Custodian fees are reduced for Portfolios that maintain compensating balances in non-interest bearing accounts. The Portfolios could have invested the assets used to pay for the custodian fees, had the assets not been used in the expense offset arrangements. For the period ended December 31, 2001, the amounts paid through expense offset arrangements are \$4,075 in the Small Cap Growth Stock Portfolio, \$586 in the T. Rowe Price Small Cap Value Portfolio, \$6,329 in the Aggressive Growth Stock Portfolio, \$3,356 in the Index 400 Stock Portfolio, \$4,118 in the

Growth Stock Portfolio, \$2,986 in the J.P. Morgan Select Growth & Income Stock Portfolio, \$274 in the Capital Guardian Domestic Equity Portfolio, \$4,281 in the Index 500 Stock Portfolio, \$488 in the Asset Allocation Portfolio, and \$1,970 in the High Yield Bond Portfolio.

J.P. Morgan Investment Management, Inc. ("J.P. Morgan"), Templeton Investment Counsel, Inc. ("Templeton Counsel"), T. Rowe Price Associates, Inc. ("T. Rowe Price") and Capital Guardian Trust Company ("Capital Guardian") have been retained under an investment subadvisory agreement to provide investment advice and, in general, to conduct the management investment program of the J.P. Morgan Select Growth & Income Stock Portfolio, the Franklin Templeton International Equity Portfolio, the T. Rowe Price Small Cap Value Portfolio and the Capital Guardian Domestic Equity Portfolio, respectively. NMIS pays J.P. Morgan .45% on the first \$100 million of the combined net assets for all funds managed for Northwestern Mutual by J.P. Morgan, .40% on the next \$100 million, .35% on the next \$200 million and .30% in excess of \$400 million. NMIS pays Templeton Counsel .50% on the first \$100 million of the combined net assets for all funds managed for Northwestern Mutual by Templeton Counsel and .40% in excess of \$100 million. NMIS pays T. Rowe Price an annual rate of .60% of the Portfolio's average daily net assets. NMIS pays Capital Guardian a flat annual fee of \$375,000 on the Portfolio's assets of \$100 million or less and .275% on net assets in excess of \$100 million.

The Growth Stock, Aggressive Growth Stock, Small Cap Growth Stock and Asset Allocation Portfolios paid commissions on Fund transactions to an affiliated broker in the amounts of \$1,362, \$178,992, \$3,786 and \$2,046, respectively, for the year ended December 31, 2001.

Note 8 — Each of the Portfolios of the Series Fund has elected to be taxed as a regulated investment company meeting certain requirements under the Internal Revenue Code. Since each expects to distribute all net investment income and net realized capital gains, the Portfolios anticipate incurring no federal income taxes.

Taxable distributions from net investment income and realized capital gains in the Portfolios differ from book amounts earned during the period due to differences in the timing of capital gains recognition and due to the reclassification of certain gains or losses from capital to income. The differences between cost amounts for book

Notes to Financial Statements

purposes and tax purposes are principally due to treatment of deferred losses.

It is the policy of the Portfolios to reclassify the net effect of permanent differences between book and taxable income to capital accounts on the statements of assets and liabilities.

After October 31, 2001, the Aggressive Growth Stock, International Growth Stock, Franklin Templeton International Equity, J.P. Morgan Select Growth & Income Stock, Capital Guardian Domestic Equity, Index 500 Stock and High Yield Bond Portfolios had capital losses in the amounts of \$12,647,928, \$914,957, \$4,193,591, \$6,639,459, \$117,050, \$707,261 and \$6,432,818, respectively. The International Growth Stock and Franklin Templeton International Equity Portfolios had currency losses in the amounts of \$16,787 and \$23,291, respectively. These amounts are deferred and deemed to have occurred in the next fiscal year. For Federal income tax purposes, the Small Cap Growth Stock, International Growth Stock, Franklin Templeton International Equity, Index 400 Stock, Growth Stock, J.P. Morgan Select Growth & Income Stock, Capital Guardian Domestic Equity, Asset Allocation and Balanced Portfolios also have net realized capital losses of \$25,189,147, \$162,404, \$11,599,888, \$2,803,777, \$52,222,224, \$18,238,809, \$51,512, \$144,649 and \$4,462,390, respectively, which will be carried forward to offset future net realized gains. The amounts expire in 2009. The High Yield Bond Portfolio has a net realized capital loss of \$58,963,786.

The amounts expire as follows: \$2,661,875 in 2006, \$23,977,979 in 2007, \$21,128,704 in 2008 and \$11,195,228 in 2009. The Select Bond Portfolio utilized \$6,607,991 of prior capital loss carry forwards.

For Federal income tax purposes, net unrealized appreciation (depreciation) on open futures contracts is generally required to be treated as realized gains (losses).

Note 9 — Dividends from net investment income and net realized capital gains are declared each year for the Small Cap Growth Stock, T. Rowe Price Small Cap Value, Aggressive Growth Stock, International Growth Stock, Franklin Templeton International Equity, Index 400 Stock, Growth Stock, J.P. Morgan Select Growth & Income Stock, Capital Guardian Domestic Equity, Index 500 Stock, Asset Allocation, Balanced, High Yield Bond and Select Bond Portfolios and each business day for the Money Market Portfolio.

Note 10 — Northwestern Mutual voluntarily reimburses the Franklin Templeton International Equity Portfolio for the benefit Northwestern Mutual receives from foreign dividend taxes charged against the Portfolio. The amount reimbursed represents approximately 65% of the foreign dividend tax withheld from the Portfolio. Reimbursements are recorded when foreign dividend taxes are accrued. These voluntary reimbursements for the years ended December 31, 2001 and December 31, 2000 were \$1,296,498 and \$830,396, respectively.

Note 11

Distributions to Shareholders

When applicable, each of the Portfolios made distributions during the year of ordinary income and long-term capital

gains. The tax character of distributions paid for the period ended December 31, 2001 was as follows:

Portfolio	Distributions Paid From:		
	Ordinary Income	Long-term Capital Gain	Total
(Amounts in thousands)			
Small Cap Growth Stock	\$ 24	—	\$ 24
T. Rowe Price Small Cap Value	51	—	51
Aggressive Growth Stock	1,517	\$310,659	312,176
International Growth Stock	—	—	—
Franklin Templeton International Equity	26,699	54,212	80,911
Index 400 Stock	969	1,207	2,176
Growth Stock	5,419	25,531	30,950
J.P. Morgan Select Growth and Income Stock	7,206	12,432	19,638
Capital Guardian Domestic Equity	168	—	168
Index 500 Stock	24,105	59,088	83,193
Asset Allocation	284	—	284
Balanced	127,987	112,544	240,531
High Yield Bond	15,601	—	15,601
Select Bond	19,294	—	19,294
Money Market	15,878	—	15,878

Notes to Financial Statements

As of December 31, 2001, the components of distributable earnings on a tax basis were as follows:

Portfolio	Undistributed Ordinary Income	Undistributed Long-term Gains (Losses)	Unrealized Appreciation (Depreciation)*	Total
	<i>(Amounts in thousands)</i>			
Small Cap Growth Stock	\$ 432	\$(25,189)	\$ 20,363	\$ (4,394)
T. Rowe Price Small Cap Value	17	13	1,139	1,169
Aggressive Growth Stock	1,101	24,420	19,737	45,258
International Growth Stock	—	(162)	(2,170)	(2,332)
Franklin Templeton International Equity	13,714	(11,600)	(57,362)	(55,248)
Index 400 Stock	1,833	(2,804)	5,679	4,708
Growth Stock	7,118	(52,222)	87,619	42,515
J.P. Morgan Select Growth and Income Stock	4,121	(18,239)	(35,410)	(49,528)
Capital Guardian Domestic Equity	2	(52)	140	90
Index 500 Stock	21,312	35,465	454,593	511,370
Asset Allocation	3	(145)	(152)	(294)
Balanced	106,136	(4,462)	612,001	713,675
High Yield Bond	127	(58,964)	(16,002)	(74,839)
Select Bond	23,230	1,247	(9,046)	15,431
Money Market	—	—	—	—

* Differs from disclosures on Schedules of Investments due primarily to timing of recognition of certain gains and losses for tax purposes.

The difference between book basis and tax-basis unrealized appreciation is attributable primarily to the tax deferral of

losses on wash sales and the realization for tax purposes of unrealized gains on certain futures contracts.



Report of Independent Accountants

To The Northwestern Mutual Life Insurance Company and
Contract Owners of NML Variable Annuity Account A

In our opinion, the accompanying combined statement of assets and liabilities and the related combined and separate statements of operations and of changes in equity and financial highlights, present fairly, in all material respects, the financial position of NML Variable Annuity Account A and its Small Cap Growth Stock Division, T. Rowe Price Small Cap Value Division, Aggressive Growth Stock Division, International Growth Stock Division, Franklin Templeton International Equity Division, Index 400 Stock Division, Growth Stock Division, J.P. Morgan Select Growth & Income Stock Division, Capital Guardian Domestic Equity Division, Index 500 Stock Division, Asset Allocation Division, Balanced Division, High Yield Bond Division, Select Bond Division, Money Market Division, Russell Multi-Style Equity Division, Russell Aggressive Equity Division, Russell Non-U.S. Division, Russell Real Estate Securities Division and Russell Core Bond Division thereof at December 31, 2001, the results of each of their operations for the year or period then ended and the changes in each of their equity for the two years or the period then ended and the financial highlights for the year or period then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of The Northwestern Mutual Life Insurance Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included direct confirmation of the number of shares owned at December 31, 2001 with Northwestern Mutual Series Fund, Inc., and the Russell Insurance Funds, provide a reasonable basis for our opinion.

Price Waterhouse Coopers LLP

Milwaukee, Wisconsin
January 25, 2002

NML Variable Annuity Account A
Statement of Assets and Liabilities
December 31, 2001
(in thousands)

Assets

Investments at Market Value:

Northwestern Mutual Series Fund, Inc.

Small Cap Growth Stock

8,748 shares (cost \$17,350) \$ 15,624

T. Rowe Price Small Cap Value

576 shares (cost \$543) 585

Aggressive Growth Stock

27,500 shares (cost \$96,370) 77,633

International Growth Stock

173 shares (cost \$165) 157

Franklin Templeton International Equity

24,394 shares (cost \$39,250) 30,810

Index 400 Stock

8,172 shares (cost \$9,465) 9,168

Growth Stock

16,139 shares (cost \$37,094) 32,717

J.P. Morgan Select Growth and Income Stock

18,915 shares (cost \$27,776) 23,058

Capital Guardian Domestic Equity

298 shares (cost \$277) 291

Index 500 Stock

36,502 shares (cost \$93,314) 104,943

Asset Allocation

822 shares (cost \$787) 800

Balanced

125,956 shares (cost \$218,603) 229,239

High Yield Bond

7,733 shares (cost \$6,179) 5,018

Select Bond

19,936 shares (cost \$23,404) 23,983

Money Market

27,159 shares (cost \$27,159) 27,159

Russell Insurance Funds

Multi-Style Equity

341 shares (cost \$5,063) 4,111

Aggressive Equity

258 shares (cost \$3,182) 2,947

Non-U.S.

328 shares (cost \$3,838) 2,861

Real Estate Securities

169 shares (cost \$1,794) 1,820

Core Bond

151 shares (cost \$1,497) 1,527 \$594,451

Due from Northwestern Mutual Life Insurance Company 8

Due from Sale of Fund Shares 39

Total Assets \$594,498

Liabilities

Due to Participants \$ 739

Due to Northwestern Mutual Life Insurance Company 39

Due on Purchase of Fund Shares 8

Total Liabilities 786

Equity (Note 8)

Contracts Issued Prior to December 17, 1981 \$ 46,841

Contracts Issued After December 16, 1981 and Prior to March 31, 1995 421,383

Contracts Issued On or After March 31, 1995:

Front Load Version 20,123

Back Load Version 96,699

Contracts Issued On or After March 31, 2000:

Front Load Version 2,062

Back Load Version 6,604

Total Equity 593,712

Total Liabilities and Equity \$594,498

The Accompanying Notes are an Integral Part of the Financial Statements

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NML Variable Annuity Account A
Statement of Operations
(in thousands)

	Combined		Small Cap Growth Stock Division		T. Rowe Price Small Cap Value Division#		Aggressive Growth Stock Division		International Growth Stock Division#		Franklin Templeton International Equity Division		Index 400 Stock Division		Growth Stock Division		J.P. Morgan Select Growth and Income Stock Division	
	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Period Ended December 31, 2001	Period Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Period Ended December 31, 2001	Period Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000
Investment Income																		
Dividend Income	\$ 53,045	\$ 56,065	\$ 1	\$ 379	\$ 1	\$ 1	\$ 19,094	\$ 13,412	\$ —	\$ —	\$ 3,729	\$ 3,228	\$ 97	\$ 801	\$ 1,497	\$ 1,855	\$ 876	\$ 1,774
Annuity Rate and Expense																		
Guarantees	7,425	8,884	179	153	1	1	1,021	1,395	—	—	415	515	94	55	403	473	286	362
Net Investment Income (Loss) ..	45,620	47,181	(178)	226	—	—	18,073	12,017	—	—	3,314	2,713	3	746	1,094	1,382	590	1,412
Realized and Unrealized Gain (Loss) on Investments																		
Realized Gain (Loss) on Investments	15,197	56,764	(343)	827	—	—	906	11,257	(8)	(8)	(245)	2,247	(41)	207	464	3,581	(278)	(2)
Unrealized Appreciation (Depreciation) of Investments During the Period	(124,257)	(120,838)	(338)	(1,850)	41	41	(40,892)	(18,313)	—	—	(8,897)	(5,914)	(36)	(414)	(7,478)	(6,543)	(2,664)	(3,775)
Net Gain (Loss) on Investments	(109,060)	(64,074)	(681)	(1,023)	41	41	(39,986)	(7,056)	(8)	(8)	(9,142)	(3,667)	(77)	(207)	(7,014)	(2,962)	(2,942)	(3,777)
Increase (Decrease) in Equity Derived from Investment Activity	\$ (63,440)	\$ (16,893)	\$(859)	\$ (797)	\$41	\$41	\$(21,913)	\$ 4,961	\$(8)	\$(8)	\$(5,828)	\$ (954)	\$(74)	\$ 539	\$(5,920)	\$(1,580)	\$(2,352)	\$(2,365)

The initial investment in this Division was made on July 31, 2001

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A
Statement of Operations
(in thousands)

	Capital Guardian Domestic Equity Division#		Index 500 Stock Division		Asset Allocation Division#		Balanced Division		High Yield Bond Division		Select Bond Division		Money Market Division	
	Period Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Period Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000
Investment Income														
Dividend Income.....	\$ 1	\$ 5,168	\$ 6,161	\$ 24,058	\$ 6	\$ 19,440	\$ 529	\$ 611	\$ 1,257	\$ 1,463	\$ 1,067	\$ 1,609		
Annuity Rate and Expense														
Guarantees	—	1,297	1,722	3,494	2	2,955	62	68	248	228	318	296		
Net Investment Income (Loss) ...	1	3,871	4,439	20,564	4	16,485	467	543	1,009	1,235	749	1,313		
Realized and Unrealized Gain (Loss) on Investments														
Realized Gain (Loss) on														
Investments	—	8,880	19,865	19,864	—	6,981	(655)	(756)	(65)	(333)	—	—		
Unrealized Appreciation														
(Depreciation) of Investments														
During the Period	12	(29,565)	(39,225)	(44,078)	11	(34,686)	381	(119)	919	830	—	—		
Net Gain (Loss) on Investments ..	12	(20,685)	(19,360)	(24,214)	11	(27,705)	(274)	(875)	854	497	—	—		
Increase (Decrease) in Equity														
Derived from Investment														
Activity	\$13	\$(16,814)	\$(14,921)	\$(3,650)	\$15	\$(11,220)	\$ 193	\$(332)	\$1,863	\$1,732	\$ 749	\$1,313		

The initial investment in this Division was made on July 31, 2001.

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A

Statement of Operations

(in thousands)

(continued)

	Russell Multi-Style Equity Division		Russell Aggressive Equity Division		Russell Non- U.S. Division		Russell Real Estate Securities Division		Russell Core Bond Division	
	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000
Investment Income										
Dividend Income	\$ 91	\$ 134	\$ 3	\$ 261	\$ 17	\$ 226	\$ 93	\$ 43	\$ 78	\$ 50
Annuity Rate and Expense Guarantees	44	43	29	26	34	33	21	9	16	12
Net Investment Income (Loss)	47	91	(26)	235	(17)	193	72	34	62	38
Realized and Unrealized Gain (Loss) on Investments										
Realized Gain (Loss) on Investments	(154)	(74)	(69)	43	(287)	21	95	40	16	(23)
Unrealized Appreciation (Depreciation) of Investments										
During the Period	(517)	(564)	6	(359)	(480)	(679)	(61)	97	(13)	68
Net Gain (Loss) on Investments	(671)	(638)	(63)	(316)	(767)	(658)	34	137	3	45
Increase (Decrease) in Equity Derived from Investment Activity	\$(624)	\$(547)	\$(89)	\$(81)	\$(784)	\$(465)	\$106	\$171	\$ 65	\$ 83

The initial investment in this Division was made on July 31, 2001

The Accompanying Notes are an Integral Part of the Financial Statements

NMIL Variable Annuity Account A
Statement of Changes in Equity
(in thousands)

	Combined		Small Cap Growth		T. Rowe Price Small Cap Value		Aggressive Growth		Franklin Templeton International Equity		Index 400		Growth Stock Division		J.P. Morgan Select Growth and Income	
	Year Ended	Year Ended	Year Ended	Year Ended	Period Ended	Period Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000
Operations																
Net Investment Income	\$ 45,620	\$ 47,181	\$ (178)	\$ 226	\$ —	\$ —	\$ 18,073	\$ 12,017	\$ 3,314	\$ 2,713	\$ 3	\$ 746	\$ 1,094	\$ 1,382	\$ 590	\$ 1,412
Net Realized Gain (Loss)	15,197	56,764	(343)	827	—	—	906	11,257	(245)	2,247	(41)	207	464	3,581	(278)	(2)
Net Change in unrealized Appreciation (Depreciation)	(124,257)	(120,838)	(338)	(1,850)	41	41	(40,892)	(18,313)	(8,897)	(5,914)	(36)	(414)	(7,478)	(6,543)	(2,664)	(3,775)
Increase (Decrease) in Equity Derived from Investment Activity	(63,440)	(16,893)	(859)	(797)	41	41	(21,913)	4,961	(5,828)	(954)	(74)	539	(5,920)	(1,580)	(2,352)	(2,365)
Equity Transactions																
Contract Owners' Net Payments	46,213	54,157	1,932	2,791	87	87	6,978	8,119	2,894	3,890	1,347	1,061	3,713	4,161	2,138	2,864
Annuity Payments	(1,316)	(1,472)	(7)	(13)	—	—	(37)	(49)	(17)	(19)	(16)	(22)	(5)	(5)	(66)	(77)
Surrenders and Other (net)	(83,649)	(121,406)	(1,362)	(1,308)	—	—	(10,388)	(19,221)	(4,910)	(6,674)	(708)	28	(3,538)	(6,808)	(3,087)	(5,329)
Transfers from Other Divisions or Sponsor	83,322	137,543	4,029	19,138	490	490	7,243	26,450	3,316	7,129	4,453	5,651	5,424	14,158	3,370	3,239
Transfers to Other Divisions or Sponsor	(84,772)	(138,779)	(4,403)	(8,365)	(34)	(34)	(10,995)	(17,887)	(4,969)	(8,486)	(3,006)	(2,290)	(4,981)	(10,930)	(3,033)	(7,981)
Increase (Decrease) in Equity Derived from Equity Transactions	(40,202)	(69,957)	189	12,243	543	543	(7,199)	(2,588)	(3,686)	(4,160)	2,070	4,428	613	576	(678)	(7,284)
Net Increase (Decrease) in Equity	(103,642)	(86,850)	(670)	11,446	584	584	(29,112)	2,373	(9,514)	(5,114)	1,996	4,967	(5,307)	(1,004)	(3,030)	(9,649)
Equity																
Beginning of Period	697,354	784,204	16,293	4,847	—	—	106,743	104,370	40,298	45,412	7,162	2,195	38,024	39,028	26,087	35,736
End of Period	\$ 593,712	\$ 697,354	\$ 15,623	\$ 16,293	\$ 584	\$ 584	\$ 77,631	\$ 106,743	\$ 30,784	\$ 40,298	\$ 9,158	\$ 7,162	\$ 32,717	\$ 38,024	\$ 23,057	\$ 26,087

The initial investment in this Division was made on July 31, 2001

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A
Statement of Changes in Equity
(in thousands)

	Capital Guardian Domestic Equity Division#		Index 500 Stock Division		Asset Allocation Division#	Balanced Division		High Yield Bond Division		Select Bond Division		Money Market Division	
	Period Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2000	Year Ended December 31, 2000		Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000
<i>(continued)</i>													
Operations													
Net Investment Income	\$ 1	\$ 3,871	\$ 4,439	\$ 4	\$ 16,485	\$ 20,564	\$ 543	\$ 1,009	\$ 1,235	\$ 749	\$ 1,313		
Net Realized Gain (Loss)	—	8,880	19,865	—	6,981	19,864	(756)	(65)	(333)	—	—		
Net Change in unrealized Appreciation (Depreciation)	12	(29,565)	(39,225)	11	(34,686)	(44,078)	(119)	919	830	—	—		
Increase (Decrease) in Equity Derived from Investment Activity	13	(16,814)	(14,921)	15	(11,220)	(3,650)	(332)	1,863	1,732	749	1,313		
Equity Transactions													
Contract Owners' Net													
Payments	25	7,565	9,486	86	12,043	13,081	765	1,760	1,609	2,973	3,498		
Annuity Payments	—	(337)	(468)	—	(684)	(715)	(4)	(84)	(54)	(42)	(44)		
Surrenders and Other (net) ...	(2)	(15,093)	(24,033)	2	(32,253)	(44,386)	(968)	(3,070)	(3,755)	(7,417)	(8,367)		
Transfers from Other													
Divisions or Sponsor	254	9,028	16,159	699	9,588	8,372	746	5,887	1,998	19,263	21,967		
Transfers to Other Divisions or Sponsor	—	(12,955)	(22,419)	(2)	(14,552)	(25,634)	(2,016)	(2,868)	(3,403)	(13,859)	(21,732)		
Increase (Decrease) in Equity Derived from Equity Transactions	277	(11,792)	(21,275)	785	(25,858)	(49,282)	(1,477)	1,625	(3,605)	918	(4,678)		
Net Increase (Decrease) in Equity	290	(28,606)	(36,196)	800	(37,078)	(52,932)	(1,809)	3,488	(1,873)	1,667	(3,365)		
Equity													
Beginning of Period	—	133,513	169,709	—	266,001	318,933	5,130	20,269	22,142	25,480	28,845		
End of Period	\$290	\$104,907	\$133,513	\$800	\$228,923	\$266,001	\$ 5,130	\$23,757	\$20,269	\$ 27,147	\$ 25,480		

The initial investment in this Division was made on July 31, 2001

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A
Statement of Changes in Equity
(in thousands)

(continued)

	Russell Multi-Style Equity Division		Russell Aggressive Equity Division		Russell Non-U.S. Division		Russell Real Estate Securities Division		Russell Core Bond Division	
	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000
Operations										
Net Investment Income	\$ 47	\$ 91	\$ (26)	\$ 235	\$ (17)	\$ 193	\$ 72	\$ 34	\$ 62	\$ 38
Net Realized Gain (Loss)	(154)	(74)	(69)	43	(287)	21	95	40	16	(23)
Net Change in unrealized Appreciation (Depreciation)	(517)	(564)	6	(359)	(480)	(679)	(61)	97	(13)	68
Increase (Decrease) in Equity Derived from Investment Activity	(624)	(547)	(89)	(81)	(784)	(465)	106	171	65	83
Equity Transactions										
Contract Owners' Net Payments	675	1,088	447	556	505	712	316	234	182	242
Annuity Payments	(6)	(2)	—	—	—	—	(4)	—	—	—
Surrenders and Other (net)	(216)	(119)	(200)	(198)	(270)	(203)	(127)	(17)	(122)	(48)
Transfers from Other Divisions or Sponsor	2,557	2,889	1,011	1,921	1,782	3,039	2,039	3,101	814	1,586
Transfers to Other Divisions or Sponsor	(2,372)	(1,712)	(792)	(842)	(1,616)	(1,221)	(1,838)	(2,492)	(624)	(1,369)
Increase (Decrease) in Equity Derived from Equity Transactions	638	2,144	466	1,437	401	2,327	386	826	250	411
Net Increase (Decrease) in Equity	14	1,597	377	1,356	(383)	1,862	492	997	315	494
Equity										
Beginning of Period	4,097	2,500	2,498	1,142	3,245	1,383	1,328	331	1,186	692
End of Period	\$ 4,111	\$ 4,097	\$ 2,875	\$ 2,498	\$ 2,862	\$ 3,245	\$ 1,820	\$ 1,328	\$ 1,501	\$ 1,186

The initial investment in this Division was made on July 31, 2001

The Accompanying Notes are an Integral Part of the Financial Statements

NML Variable Annuity Account A

<i>(For a unit outstanding during the period)</i> Division	Year or Period Ended	Unit Value, Beginning of Period	Increase (Decrease) in Equity	Unit Value, End of Period	Total Return(2)	Expense Ratio(3)
Front Load Contract (Series QQ)						
Small Cap Growth Stock	12/31/01	\$1.972747	\$(0.081899)	\$1.890848	-4.15%	0.40%
T. Rowe Price Small Cap Value(1)	12/31/01	1.000000	0.015860	1.015860	1.59%	0.40%
Aggressive Growth Stock	12/31/01	2.815081	(0.568557)	2.246524	-20.20%	0.40%
International Growth Stock(1)	12/31/01	1.000000	(0.095536)	0.904464	-9.55%	0.40%
Franklin Templeton International Equity ..	12/31/01	1.940943	(0.278442)	1.662501	-14.35%	0.40%
Index 400 Stock	12/31/01	1.313674	(0.013865)	1.299809	-1.06%	0.40%
Growth Stock	12/31/01	2.814641	(0.409854)	2.404787	-14.56%	0.40%
J.P. Morgan Select Growth and Income Stock	12/31/01	2.252648	(0.183473)	2.069175	-8.14%	0.40%
Capital Guardian Domestic Equity(1) ..	12/31/01	1.000000	(0.023524)	0.976476	-2.35%	0.40%
Index 500 Stock	12/31/01	2.842665	(0.347775)	2.494890	-12.23%	0.40%
Asset Allocation(1)	12/31/01	1.000000	(0.022672)	0.977328	-2.27%	0.40%
Balanced	12/31/01	2.105871	(0.074585)	2.031286	-3.54%	0.40%
High Yield Bond	12/31/01	1.409248	0.064933	1.474181	4.61%	0.40%
Select Bond	12/31/01	1.461268	0.144995	1.606263	9.92%	0.40%
Money Market	12/31/01	1.333271	0.046639	1.379910	3.50%	0.40%
Russell Multi-Style Equity	12/31/01	0.937760	(0.136467)	0.801293	-14.55%	0.40%
Russell Aggressive Equity	12/31/01	1.094433	(0.030180)	1.064253	-2.76%	0.40%
Russell Non-U.S.	12/31/01	1.065355	(0.238046)	0.827309	-22.34%	0.40%
Russell Real Estate Securities	12/31/01	1.172137	0.086778	1.258915	7.40%	0.40%
Russell Core Bond	12/31/01	1.083276	0.075539	1.158815	6.97%	0.40%

Division	Year or Period Ended	Unit Value, Beginning of Period	Increase (Decrease) in Equity	Unit Value, End of Period	Total Return(2)	Expense Ratio(3)
Back Load Contract (Series QQ)						
Small Cap Growth Stock	12/31/01	\$1.945087	\$(0.096594)	\$1.848493	-4.97%	1.25%
T. Rowe Price Small Cap Value(1)	12/31/01	1.000000	0.012260	1.012260	1.23%	1.25%
Aggressive Growth Stock	12/31/01	5.671037	(1.183853)	4.487184	-20.88%	1.25%
International Growth Stock(1)	12/31/01	1.000000	(0.098742)	0.901258	-9.87%	1.25%
Franklin Templeton International Equity ..	12/31/01	2.251266	(0.339347)	1.911919	-15.07%	1.25%
Index 400 Stock	12/31/01	1.295242	(0.024552)	1.270690	-1.90%	1.25%
Growth Stock	12/31/01	2.901600	(0.443580)	2.458020	-15.29%	1.25%
J.P. Morgan Select Growth and Income Stock	12/31/01	2.322995	(0.207320)	2.115675	-8.92%	1.25%
Capital Guardian Domestic Equity(1) ..	12/31/01	1.000000	(0.026996)	0.973004	-2.70%	1.25%
Index 500 Stock	12/31/01	4.343830	(0.563806)	3.780024	-12.98%	1.25%
Asset Allocation(1)	12/31/01	1.000000	(0.026138)	0.973862	-2.61%	1.25%
Balanced	12/31/01	7.332002	(0.319640)	7.012362	-4.36%	1.25%
High Yield Bond	12/31/01	1.431888	0.053276	1.485164	3.72%	1.25%
Select Bond	12/31/01	7.541503	0.678091	8.219594	8.99%	1.25%
Money Market	12/31/01	2.648821	0.069429	2.718250	2.62%	1.25%
Russell Multi-Style Equity	12/31/01	0.924598	(0.141263)	0.783335	-15.28%	1.25%
Russell Aggressive Equity	12/31/01	1.079072	(0.038660)	1.040412	-3.58%	1.25%
Russell Non-U.S.	12/31/01	1.050412	(0.241633)	0.808779	-23.00%	1.25%
Russell Real Estate Securities	12/31/01	1.155691	0.075035	1.230726	6.49%	1.25%
Russell Core Bond	12/31/01	1.068073	0.064799	1.132872	6.07%	1.25%

(1) Portfolio commenced operations on July 31, 2001.

(2) Total Return includes deductions for management and other expenses; excludes deductions for sales loads and other charges. Returns are not annualized for periods less than one year.

(3) Computed on an annualized basis. Does not include expenses of the underlying portfolio.

NML Variable Annuity Account A

December 31, 2001

Note 1 — NML Variable Annuity Account A (the "Account") is a segregated asset account of The Northwestern Mutual Life Insurance Company ("Northwestern Mutual") used to fund variable annuity contracts ("contracts") for HR-10 and corporate pension and profit-sharing plans which qualify for special tax treatment under the Internal Revenue Code. Currently, two versions of the contract are offered: Front Load contracts with a sales charge up to 4% of purchase payments and Back Load contracts with a withdrawal charge of 0-8%.

Note 2 — The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Principal accounting policies are summarized below.

Note 3 — All assets of each Division of the Account are invested in shares of the corresponding Portfolio of Northwestern Mutual Series Fund, Inc. and the Russell Insurance Funds (collectively known as "the Funds"). The shares are valued at the Funds' offering and redemption prices per share. The Funds are diversified open-end investment companies registered under the Investment Company Act of 1940.

Note 4 — Annuity reserves are based on published annuity tables with age adjustment and benefit payments which reflect actual investment experience. For variable payment plans issued prior to January 1, 1974, annuity reserves are based on the 1955 American Annuity Table with assumed interest rates of 3% or 5%. For variable payment plans issued on or after January 1, 1974 and before January 1, 1985, annuity reserves are based on the 1971 Individual Annuity Mortality Table with assumed interest rates of 3½% or 5%. For variable payment plans issued on or after January 1, 1985, annuity reserves are based on the 1983 Annuity Table adjusted with assumed interest rates of 3½% or 5%.

Note 5 — Dividend income from the Funds is recorded on the ex-date of the dividends. Transactions in the Funds' shares are accounted for on the trade date. The basis for determining cost on sale of the Funds' shares is identified

cost. Purchases and sales of the Funds' shares for the year ended December 31, 2001 by each Division are shown below:

<u>Division</u>	<u>Purchases</u>	<u>Sales</u>
Small Cap Growth Stock	\$ 3,119,762	\$ 3,107,912
T. Rowe Price Small Cap Value	544,334	1,251
Aggressive Growth Stock	23,504,270	12,700,645
International Growth Stock	164,575	1
Franklin Templeton International Equity	5,754,067	6,134,228
Index 400 Stock	4,038,686	1,955,209
Growth Stock	6,550,789	4,859,534
J.P. Morgan Select Growth and Income Stock	3,711,176	3,793,450
Capital Guardian Domestic Equity	277,299	36
Index 500 Stock	11,216,245	19,112,689
Asset Allocation	787,179	8
Balanced	27,209,702	36,676,777
High Yield Bond	1,951,937	1,795,043
Select Bond	6,619,324	3,765,014
Money Market	15,154,072	13,474,404
Russell Multi-Style Equity	1,097,267	483,989
Russell Aggressive Equity	871,028	364,836
Russell Non-U.S.	973,304	616,921
Russell Real Estate Securities	1,738,713	1,297,610
Russell Core Bond	586,923	249,167

Note 6 — A deduction for annuity rate and expense guarantees is determined daily and paid to Northwestern Mutual as compensation for assuming the risk that annuity payments will continue for longer periods than anticipated because the annuitants as a group live longer than expected, and the risk that the charges made by Northwestern Mutual may be insufficient to cover the actual costs incurred in connection with the contracts.

For contracts issued prior to December 17, 1981, the deduction is at an annual rate of ¾ of 1% of the net assets of each Division attributable to these contracts. For these contracts, the rate may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed a 1% annual rate.

For contracts issued after December 16, 1981 and prior to March 31, 1995, the deduction is at an annual rate of 1¼% of the net assets of each Division attributable to these contracts. For these contracts, the rate may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed a 1½% annual rate.

For contracts issued on or after March 31, 1995, for the Front Load version and the Back Load version, the deduction for

annuity rate and expense guarantees is determined daily at annual rates of $\frac{4}{10}$ of 1% and $1\frac{1}{4}\%$, respectively, of the net assets of each Division attributable to these contracts and is paid to Northwestern Mutual. For these contracts, the rates may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed $\frac{3}{4}$ of 1% and $1\frac{1}{2}\%$, respectively.

For contracts issued on or after March 31, 2000, for the Front Load version and the Back Load version, the deduction for annuity rate and expense guarantees is determined daily at annual rates of $\frac{5}{10}$ of 1% and $1\frac{1}{4}\%$, respectively, of the net assets of each Division attributable to these contracts and is paid to Northwestern Mutual. For these contracts, the rates may be increased or decreased by the Board of Trustees of Northwestern Mutual not to exceed $\frac{3}{4}$ of 1% and $1\frac{1}{2}\%$

annual rate, respectively. The current charges will not be increased for five years from the date of the most recent Prospectus.

Since 1995, Northwestern Mutual has paid a dividend to certain contracts. The dividend is reinvested in the Account and has been reflected as a Contract Owners' Net Payment in the accompanying financial statements.

Note 7 — Northwestern Mutual is taxed as a "life insurance company" under the Internal Revenue Code and the operations of the Account form a part of and are taxed with those of Northwestern Mutual. Under current law, no federal income taxes are payable with respect to the Account. Accordingly, no provision for any such liability has been made.

Notes to Financial Statements

NML Variable Annuity Account A

December 31, 2001

(in thousands, except accumulation unit values)

Note 8 — Equity Values by Division are shown below:

Division	Contracts Issued: Prior to December 17, 1981			Contracts Issued: After December 16, 1981 and Prior to March 31, 1995		
	Accumulation Unit Value	Units Outstanding	Equity	Accumulation Unit Value	Units Outstanding	Equity
Small Cap Growth Stock	\$1.873388	243	\$ 454	1.848493	5,700	\$ 10,537
T. Rowe Price Small Cap Value	1.014387	11	11	1.012260	293	296
Aggressive Growth Stock	4.742335	305	1,444	4.487184	12,273	55,072
International Growth Stock	0.903153	11	10	0.901258	91	82
Franklin Templeton International Equity	1.996677	340	679	1.911919	11,504	21,995
Index 400 Stock	1.287807	335	431	1.270690	4,225	5,368
Growth Stock	2.554121	311	795	2.458020	8,243	20,262
J.P. Morgan Select Growth and Income Stock	2.198364	182	400	2.115675	6,685	14,144
Capital Guardian Domestic Equity	0.975051	11	11	0.973004	193	188
Index 500 Stock	3.994853	4,934	19,712	3.780024	15,617	59,034
Asset Allocation	0.975908	11	11	0.973862	477	464
Balanced	7.750204	1,566	12,135	7.012362	26,333	184,658
High Yield Bond	1.543249	74	114	1.485164	1,881	2,794
Select Bond	9.086342	515	4,675	8.219594	1,651	13,573
Money Market	3.004024	766	2,301	2.718250	6,010	16,336
Russell Multi-Style Equity	0.793888	27	21	0.783335	2,727	2,136
Russell Aggressive Equity	1.054435	64	67	1.040412	1,623	1,689
Russell Non-U.S.	0.819680	52	42	0.808779	2,184	1,767
Russell Real Estate Securities	1.247315	23	28	1.230726	812	999
Russell Core Bond	1.148123	17	19	1.132872	793	898
Equity			43,360			412,292
Annuity Reserves			3,481			9,091
Total Equity			\$46,841			\$421,383

Division	Contracts Issued: On or After March 31, 1995 Front Load Version			Contracts Issued: On or After March 31, 1995 Back Load Version		
	Accumulation Unit Value	Units Outstanding	Equity	Accumulation Unit Value	Units Outstanding	Equity
Small Cap Growth Stock	\$1.890848	324	\$ 612	\$1.848493	1,809	\$ 3,344
T. Rowe Price Small Cap Value	1.015860	96	98	1.012260	151	153
Aggressive Growth Stock	2.246524	1,271	2,856	4.487184	3,733	16,752
International Growth Stock	0.904464	8	7	0.901258	31	28
Franklin Templeton International Equity	1.662501	870	1,446	1.911919	3,194	6,106
Index 400 Stock	1.299809	253	329	1.270690	1,706	2,167
Growth Stock	2.404787	677	1,628	2.458020	3,786	9,305
J.P. Morgan Select Growth and Income Stock	2.069175	657	1,359	2.115675	2,910	6,156
Capital Guardian Domestic Equity	0.976476	7	6	0.973004	71	69
Index 500 Stock	2.494890	1,234	3,078	3.780024	5,051	19,091
Asset Allocation	0.977328	83	81	0.973862	215	209
Balanced	2.031286	1,745	3,545	7.012362	2,779	19,490
High Yield Bond	1.474181	211	312	1.485164	1,073	1,593
Select Bond	1.606263	301	483	8.219594	437	3,595
Money Market	1.379910	2,064	2,848	2.718250	1,759	4,782
Russell Multi-Style Equity	0.801293	609	488	0.783335	1,505	1,179
Russell Aggressive Equity	1.064253	278	296	1.040412	685	713
Russell Non-U.S.	0.827309	254	210	0.808779	820	663
Russell Real Estate Securities	1.258915	97	122	1.230726	395	486
Russell Core Bond	1.158815	21	24	1.132872	367	416
Equity			19,828			96,297
Annuity Reserves			295			402
Total Equity			\$20,123			\$96,699

Notes to Financial Statements

Division	Contracts Issued: On or After March 31, 2000 Front Load Version			Contracts Issued: On or After March 31, 2000 Back Load Version		
	Accumulation Unit Value	Units Outstanding	Equity	Accumulation Unit Value	Units Outstanding	Equity
Small Cap Growth Stock	\$0.865935	140	\$ 122	\$1.848493	284	\$ 525
T. Rowe Price Small Cap Value	1.015445	—	—	1.012260	26	26
Aggressive Growth Stock	0.719033	168	120	4.487184	243	1,093
International Growth Stock	0.904093	18	16	0.901258	15	14
Franklin Templeton International Equity	0.851962	93	79	1.911919	146	279
Index 400 Stock	1.023646	164	167	1.270690	362	460
Growth Stock	0.782628	66	52	2.458020	253	622
J.P. Morgan Select Growth and Income Stock	0.814020	138	113	2.115675	124	263
Capital Guardian Domestic Equity	0.976072	8	8	0.973004	8	8
Index 500 Stock	0.779001	231	180	3.780024	277	1,049
Asset Allocation	0.976926	—	—	0.973862	35	34
Balanced	0.937735	819	768	7.012362	143	1,000
High Yield Bond	1.006773	70	71	1.485164	52	77
Select Bond	1.184790	96	114	8.219594	26	214
Money Market	1.079788	1	1	2.718250	180	489
Russell Multi-Style Equity	0.751294	77	58	0.783335	137	107
Russell Aggressive Equity	0.903873	48	43	1.040412	64	67
Russell Non-U.S.	0.659991	92	61	0.808779	114	92
Russell Real Estate Securities	1.331406	35	46	1.230726	69	85
Russell Core Bond	1.148513	38	43	1.132872	89	100
Equity			2,062			6,604
Annuity Reserves			—			—
Total Equity			<u>\$2,062</u>			<u>\$6,604</u>

Northwestern Mutual Series Fund, Inc.

Directors

Edward J. Zore	President and Chief Executive Officer, Northwestern Mutual Life, Milwaukee
Martin F. Stein	Founder, Stein Optical, Milwaukee
John K. MacIver	Senior Partner, Michael Best & Friedrich, LLC, Milwaukee
Stephen N. Graff	Retired Partner, Arthur Andersen LLP Milwaukee
William J. Blake	Chairman, Blake Investment Corp., Milwaukee
William A. McIntosh	Retired Division Head — U.S. Fixed Income, Salomon Brothers, Chicago
James D. Ericson	Retired Chairman and Chief Executive Officer, Northwestern Mutual, Milwaukee

Officers

Edward J. Zore	President
Mark G. Doll	Vice President & Treasurer
Merrill C. Lundberg	Secretary
Barbara E. Courtney	Controller

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2001 Annual Report

MULTI-STYLE EQUITY FUND

AGGRESSIVE EQUITY FUND

NON-U.S. FUND

CORE BOND FUND

REAL ESTATE SECURITIES FUND

DECEMBER 31, 2001

Russell Insurance Funds

Russell Insurance Funds is a "series mutual fund" with five different investment portfolios. These financial statements report on five Funds, each of which has distinct investment objectives and strategies.

Frank Russell Investment Management Company

Responsible for overall management and administration of the Funds.

Frank Russell Company

Consultant to Frank Russell Investment Management Company.

Russell Insurance Funds

Annual Report

December 31, 2001

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Russell Insurance Funds

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Multi-Style Equity Fund

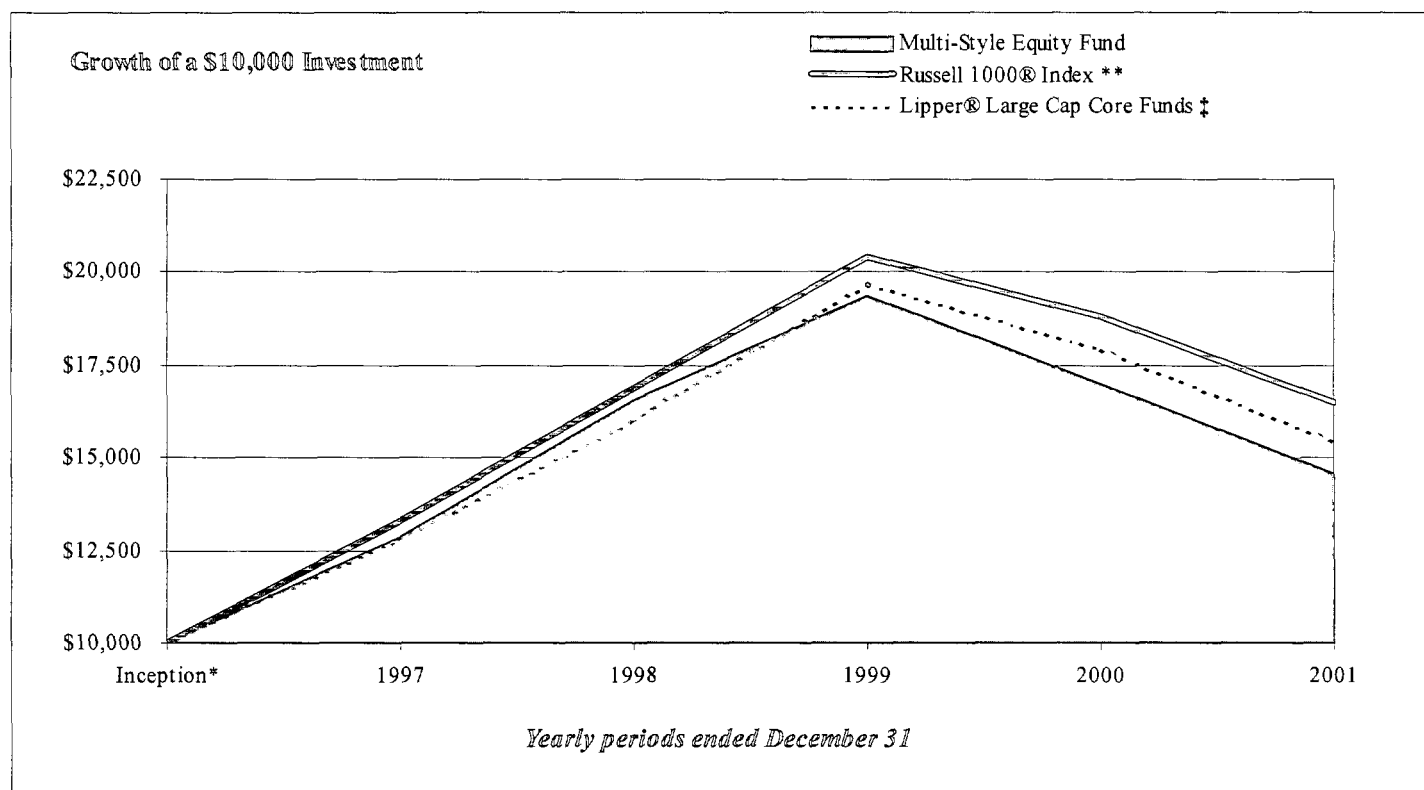
Portfolio Management Discussion

December 31, 2001 (Unaudited)

Objective: To provide income and capital growth by investing principally in equity securities.

Invests in: Primarily US equity securities.

Strategy: The Fund uses a multi-style, multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of seven managers with four separate and distinct investment styles.



Multi-Style Equity Fund

Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 8,579	(14.21)%
Inception	\$ 14,591	7.85%§

Russell 1000® Index

Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 8,755	(12.45)%
Inception	\$ 16,472	10.50%§

Lipper® Growth & Income Funds Benchmark

Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 8,607	(13.93)%
Inception	\$ 15,447	

Multi-Style Equity Fund

Portfolio Management Discussion

December 31, 2001 (Unaudited)

Performance Review

For the year ended December 31, 2001, the Multi-Style Equity Fund reflected a loss of 14.21%, as compared to the Russell 1000® Index which lost 12.45%. During the highly volatile markets of 2001, the Fund's unrewarded stock selection, most notably within the technology and producer durables sectors, accounts for the majority of the return shortfall.

Portfolio Highlights

The Fund's trailing performance during the first quarter of 2001 accounts for the nearly the entire shortfall during the past 12 months. In the final three quarters of the year, the Fund posted neutral results relative to its benchmark. The Fund's managers generally remained positioned for a moderate consumer-led recovery in a low interest rate environment throughout the many emotionally driven reversals that US equity markets experienced in 2001.

During the first quarter, small cap issues led large cap issues, while value outperformed growth. During the quarter, the Fund trailed its index due to a significant underweight to the technology sector, especially personal computer-related issues, which dramatically outperformed the broad market. Additionally, overweight holdings within the financial services sector negatively impacted performance, as the sector lagged despite aggressive rate cuts by the Federal Reserve Board.

Markets advanced during the second quarter, with small cap issues once again outperforming large cap issues. In contrast to the first quarter, growth outperformed value by roughly a two-to-one ratio. During the quarter, excess returns generated from strong stock selection were, to a large extent, offset by relatively defensive sector positioning among several of the Fund's growth managers.

Markets returned to negative territory during the third quarter, with the majority of the decline occurring prior to the September 11 terrorist attacks. In contrast to the second quarter, large cap led small cap, and value outperformed growth. The Fund was rewarded for its sector positioning over this period, namely a significant underweight to the declining technology sector. A relatively low overall beta also enhanced returns as the markets fell. The Fund's fully invested posture, however, along with relatively light exposure to the defensive pharmaceuticals sector, detracted from performance.

US equity markets returned to positive ground during the fourth quarter as investors began to anticipate that the end of the economic recession was near. Once again reversing the trends of the previous quarter, small cap returned to favor, as did growth. The Fund slightly lagged its index during the quarter, primarily as a result of a slight underweight position in the strong technology sector.

Top Ten Equity Holdings (as a percent of Total Investments)

December 31, 2001

Citigroup, Inc.	2.92%
General Electric Co.	2.42
Pfizer, Inc.	2.26
Exxon Mobil Corp.	1.97
American International Group, Inc.	1.77
Johnson & Johnson	1.59
Cisco Systems, Inc.	1.54
Intel Corp.	1.51
Microsoft Corp.	1.48
Home Depot, Inc. (The)	1.45

Portfolio Characteristics

December 31, 2001

Current P/E Ratio	23.6x
Portfolio Price/Book Ratio	3.53x
Market Capitalization - \$-Weighted Average	85.85 Bil
Number of Holdings	553

Money Managers

Styles

Alliance Capital Management, LP	Growth
Alliance Capital Management, LP - Bernstein	
Investment Research and Management Unit	Value
Barclays Global Fund Advisors	Value
Peachtree Asset Management	Market-Oriented
Strong Capital Management, Inc.	Growth
Turner Investment Partners, Inc.	Growth
Westpeak Global Advisors, LP	Market-Oriented
Westpeak Global Advisors, LP	Value Bias
	Market-Oriented

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Russell 1000® Index includes the 1,000 largest companies in the Russell 3000® Index, the smallest of which is valued at about \$1,124.8 million. The Russell 1000® Index represents the universe of stocks from which most active money managers typically select. The Russell 1000® Index return reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

‡ Lipper® Growth & Income Funds Benchmark is the average total return for the universe of funds within the Growth and Income Funds investment objective. The total return for the funds reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Multi-Style Equity Fund

Statement of Net Assets

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 93.6%			Donnelley (R.R.) & Sons Co.	6,780	201
Auto and Transportation - 2.2%			EarthLink, Inc. (a)	15,911	194
Airborne, Inc.	1,390	21	Eastman Kodak Co.	1,920	57
AMR Corp. (a)	1,580	35	eBay, Inc. (a)	7,520	503
ArvinMeritor, Inc.	480	9	Electronic Arts, Inc. (a)	5,100	306
Autoliv, Inc.	13,800	280	Fastenal Co.	4,000	266
Burlington Northern Santa Fe Corp.	17,310	494	Federated Department Stores, Inc. (a)	12,231	500
Continental Airlines, Inc.			Foot Locker, Inc. (a)	1,440	23
Class B (a)	360	9	Gannett Co., Inc.	4,530	305
CSX Corp.	900	32	Gemstar-TV Guide International, Inc. (a)	21,690	601
Dana Corp.	3,700	51	Gillette Co. (The)	6,500	217
Delta Air Lines, Inc.	1,630	48	GTECH Holdings Corp. (a)	6,250	283
Expeditors International of			Harrah's Entertainment, Inc. (a)	2,030	75
Washington, Inc.	910	52	Hilton Hotels Corp.	10,100	110
FedEx Corp. (a)	3,710	192	Home Depot, Inc. (The)	71,730	3,659
Ford Motor Co.	37,209	585	Insight Communications Co., Inc.		
General Motors Corp.	11,858	576	Class A (a)	270	7
Genuine Parts Co.	3,100	114	International Game Technology (a)	5,600	382
Goodyear Tire & Rubber Co.	8,800	210	Kimberly-Clark Corp.	3,200	191
Harley-Davidson, Inc.	19,900	1,081	Kohl's Corp. (a)	43,000	3,029
Hunt (JB) Transportation Services, Inc. (a)	160	4	Leggett & Platt, Inc.	2,560	59
Norfolk Southern Corp.	28,700	526	Liberty Media Corp. (a)	50,470	707
PACCAR, Inc.	5,000	328	Limited, Inc. (The)	9,710	143
Southwest Airlines Co.	5,965	110	Liz Claiborne, Inc.	1,500	75
Tidewater, Inc.	100	3	Lowe's Companies., Inc.	20,200	937
TRW, Inc.	510	19	Mattel, Inc.	8,000	138
Union Pacific Corp.	8,200	467	May Department Stores Co.	17,840	660
Visteon Corp.	15,700	236	McDonald's Corp.	9,860	261
		<u>5,482</u>	Monsanto Co. New	2,210	75
			New York Times Co. Class A	2,000	87
Consumer Discretionary - 12.8%			Newell Rubbermaid, Inc.	4,980	137
Alberto-Culver Co. Class B	1,500	67	NIKE, Inc. Class B	3,400	191
Amazon.com, Inc. (a)	2,040	22	Office Depot, Inc. (a)	20,400	378
AOL Time Warner, Inc. (a)	104,180	3,344	Omnicom Group, Inc.	11,410	1,019
Apollo Group, Inc. Class A (a)	485	22	Park Place Entertainment Corp. (a)	5,130	47
AutoNation, Inc. (a)	32,450	400	Payless ShoeSource, Inc. (a)	100	6
AutoZone, Inc. (a)	4,530	325	RadioShack Corp.	3,150	95
Avon Products, Inc.	5,000	233	Republic Services, Inc. (a)	1,800	36
Banta Corp.	1,000	30	Ross Stores, Inc.	1,800	58
Bed Bath & Beyond, Inc. (a)	7,900	268	Saks, Inc. (a)	2,250	21
Best Buy Co. (a)	8,600	641	Sears Roebuck & Co.	7,400	353
Black & Decker Corp.	3,800	143	ServiceMaster Co.	1,670	23
Brinker International, Inc. (a)	1,885	56	Snap-On Tools Corp.	600	20
Carnival Corp.	2,950	83	Stanley Works, (The)	2,500	116
CBRL Group, Inc.	9,300	274	Staples, Inc. (a)	9,900	185
CDW Computer Centers, Inc. (a)	3,700	199	Starwood Hotels & Resorts		
Cendant Corp. (a)	16,800	329	Worldwide, Inc. Class B	5,780	173
Clear Channel Communications, Inc. (a)	6,980	355	Talbots, Inc.	1,800	65
Costco Wholesale Corp. (a)	3,800	169	Target Corp.	16,390	673
Darden Restaurants, Inc.	10,520	372	Tech Data Corp. (a)	2,500	108
Disney (Walt) Co.	49,740	1,031	Ticketmaster Class B (a)	330	5

Multi-Style Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
TJX Cos., Inc.	2,300	92	Financial Services - 20.4%		
Toys "R" Us, Inc. (a)	3,200	66	Aetna, Inc.	9,500	313
Tricon Global Restaurants, Inc. (a)	5,570	274	AFLAC, Inc.	2,820	69
USA Networks, Inc. (a)	100	3	Allied Capital Corp.	880	23
V.F. Corp.	8,000	312	Allmerica Financial Corp.	140	6
Viacom, Inc. Class B (a)	37,889	1,673	Allstate Corp.	14,120	476
Wal-Mart Stores, Inc.	47,720	2,746	AMBAC Financial Group, Inc.	1,150	67
Wallace Computer Services, Inc.	1,860	35	American Express Co.	20,590	735
Waste Management, Inc.	11,870	379	American Financial Group, Inc.	1,120	27
Wendy's International, Inc.	5,050	147	American International Group, Inc.	56,212	4,463
West Corp. (a)	200	5	American National Insurance Co.	100	8
Westwood One, Inc. (a)	870	26	AmeriCredit Corp. (a)	3,100	98
Whirlpool Corp.	3,860	283	AmSouth Bancorp	15,170	287
		<u>32,164</u>	AON Corp.	1,060	38
Consumer Staples - 6.1%			Apartment Investment & Management Co.		
Albertson's, Inc.	2,100	66	Class A (f)	2,900	133
Anheuser-Busch Cos., Inc.	17,660	798	Associated Banc-Corp.	450	16
Campbell Soup Co.	4,280	128	Bank of America Corp.	52,499	3,305
Clorox Co. (The)	12,110	479	Bank One Corp.	27,050	1,056
Coca-Cola Co. (The)	7,300	344	BB&T Corp.	6,330	229
Colgate-Palmolive Co.	12,570	726	BISYS Group, Inc. (a)	5,000	320
ConAgra, Inc.	6,600	157	Block (H&R), Inc.	3,190	143
Coors (Adolph) Co. Class B	100	5	Capital One Financial Corp.	3,640	196
CVS Corp.	13,520	400	Charter One Financial, Inc.	5,884	160
Dial Corp.	16,000	274	Chubb Corp. (The)	2,920	201
Dole Food Co., Inc.	240	6	CIGNA Corp.	3,630	336
General Mills, Inc.	3,800	198	Cincinnati Financial Corp.	670	26
Heinz (H.J.) Co.	2,700	111	Citigroup, Inc.	146,389	7,390
Hershey Foods Corp.	5,620	380	CNA Financial Corp. (a)	1,120	33
Hormel Foods Corp.	6,440	173	Colonial BancGroup, Inc.	340	5
Interstate Bakeries Corp.	2,270	55	Comerica, Inc.	3,990	229
Kellogg Co.	1,030	31	Commerce Bancshares, Inc.	220	9
Kraft Foods, Inc.	17,560	598	Compass Bancshares, Inc.	1,080	31
Kroger Co. (a)	6,000	125	Concord EFS, Inc. (a)	27,430	899
Pepsi Bottling Group, Inc. (The)	15,800	371	Countrywide Credit Industries, Inc.	3,890	159
PepsiCo, Inc.	48,022	2,338	Crescent Real Estate Equities Co. (f)	1,090	20
Philip Morris Cos., Inc.	48,600	2,228	Deluxe Corp.	6,630	276
Procter & Gamble Co.	41,050	3,248	Dime Bancorp, Inc.	330	12
R.J. Reynolds Tobacco Holdings, Inc.	4,060	229	DST Systems, Inc. (a)	1,190	59
Ruddick Corp.	330	5	Duke-Weeks Realty Corp. (f)	7,350	179
Sara Lee Corp.	6,800	151	Edwards (A.G.), Inc.	1,290	57
SuperValu, Inc.	17,440	386	Equity Office Properties Trust (f)	5,634	169
SYSCO Corp.	8,100	212	Federal Home Loan Mortgage Corp.	32,070	2,097
Tyson Foods, Inc. Class A	18,314	212	Federal National Mortgage Association	32,030	2,546
UST, Inc.	3,421	120	Federated Investors, Inc. Class B	1,500	48
Walgreen Co.	26,300	885	FelCor Lodging Trust, Inc. (f)	240	4
Wrigley (Wm.), Jr. Co.	400	21	Fidelity National Financial, Inc.	1,600	40
		<u>15,460</u>	Fifth Third Bancorp	1,233	76
			First Data Corp.	18,990	1,490
			First Tennessee National Corp.	8,800	319

Multi-Style Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
FirstMerit Corp.	200	5	SunGard Data Systems (a)	1,580	46
Fiserv, Inc. (a)	5,790	245	SunTrust Banks, Inc.	5,410	339
FleetBoston Financial Corp.	20,125	735	T. Rowe Price Group, Inc.	2,030	71
Franklin Resources, Inc.	890	31	TCF Financial Corp.	810	39
Fulton Financial Corp.	962	21	Torchmark Corp.	3,290	129
Golden State Bancorp, Inc.	3,670	96	U.S. Bancorp	47,003	984
Golden West Financial Corp.	5,020	295	Union Planters Corp.	9,450	426
Goldman Sachs Group, Inc.	11,190	1,038	UnionBanCal Corp.	4,820	183
Greenpoint Financial Corp.	1,670	60	UnumProvident Corp.	4,770	126
Hartford Financial Services Group, Inc. (The)	4,400	276	Wachovia Corp.	35,920	1,126
Hibernia Corp. Class A	2,490	44	Washington Federal, Inc.	150	4
Household International, Inc.	20,240	1,173	Washington Mutual, Inc.	29,755	973
Huntington Bancshares, Inc.	16,180	278	Wells Fargo & Co.	25,778	1,120
J.P. Morgan Chase & Co.	39,870	1,449			<u>51,448</u>
Jefferson-Pilot Corp.	3,010	139	Health Care - 13.2%		
John Hancock Financial Services, Inc.	7,890	326	Abbott Laboratories	33,150	1,848
KeyCorp	15,240	371	Allergan, Inc.	2,000	150
Lehman Brothers Holdings, Inc.	9,420	629	American Home Products Corp.	6,000	368
Lincoln National Corp.	2,720	132	Amgen, Inc. (a)	2,800	158
Loews Corp.	3,720	206	Apria Healthcare Group, Inc. (a)	3,170	79
Marsh & McLennan Cos., Inc.	660	71	Bard (C.R.), Inc.	160	10
Marshall & Ilsley Corp.	600	38	Baxter International, Inc.	32,570	1,747
MBIA, Inc.	2,515	135	Becton, Dickinson & Co.	3,930	130
MBNA Corp.	67,860	2,389	Biomet, Inc.	8,100	250
Merrill Lynch & Co., Inc.	23,520	1,226	Biovail Corp. (a)	3,700	208
MetLife, Inc.	9,570	303	Boston Scientific Corp. (a)	13,370	322
MGIC Investment Corp.	910	56	Bristol-Myers Squibb Co.	18,920	965
Moody's Corp.	6,100	243	Cardinal Health, Inc.	14,300	925
Morgan Stanley Dean Witter & Co.	23,040	1,289	Cephalon, Inc. (a)	5,700	431
National City Corp.	17,510	512	DaVita, Inc. (a)	3,370	82
National Commerce Financial Corp.	1,000	25	DENTSPLY International, Inc.	1,700	85
Old National Bancorp	210	5	First Health Group Corp. (a)	1,370	34
Old Republic International Corp.	15,660	439	Forest Labs, Inc. (a)	9,100	746
Paychex, Inc.	2,100	73	Genentech, Inc. (a)	21,160	1,148
Plum Creek Timber Co., Inc.	5,100	145	Genzyme Corp. (a)	14,050	841
PMI Group, Inc. (The)	560	38	Guidant Corp. (a)	16,890	841
PNC Bank Corp.	6,360	357	HCA-The Healthcare Co.	8,300	320
Popular, Inc.	480	14	Health Net, Inc. (a)	4,530	99
Principal Financial Group, Inc. (The) New (a)	4,900	118	HEALTHSOUTH Corp. (a)	7,300	108
Progressive Corp.	600	90	ICOS Corp. (a)	620	36
Protective Life Corp.	700	20	IDEC Pharmaceuticals Corp. (a)	10,670	735
Radian Group, Inc.	1,750	75	IMS Health, Inc.	5,240	102
Regions Financial Corp.	6,620	198	Johnson & Johnson	67,850	4,010
SAFECO Corp.	7,700	240	King Pharmaceuticals, Inc. (a)	24,560	1,035
Schwab (Charles) Corp.	38,120	590	Laboratory Corp. of America Holdings (a)	3,600	291
SEI Investments Co.	270	12	Lilly (Eli) & Co.	11,000	864
Simon Property Group, Inc. (f)	5,130	150	McKesson HBOC, Inc.	4,400	165
SouthTrust Corp.	22,170	547	MedImmune, Inc. (a)	6,500	301
Stilwell Financial, Inc.	2,110	57	Medtronic, Inc.	32,760	1,678
			Merck & Co., Inc.	24,080	1,416

Multi-Style Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Oxford Health Plans, Inc. (a)	6,920	209	Harsco Corp.	660	23
Pfizer, Inc.	143,707	5,727	International Paper Co.	7,100	286
Pharmaceutical Product Development, Inc. (a)	9,370	303	Lafarge Corp.	940	35
Pharmacia Corp.	8,674	370	Longview Fibre Co.	680	8
Quest Diagnostics, Inc. (a)	3,700	265	Lubrizol Corp.	2,410	85
Schering-Plough Corp.	11,700	419	Masco Corp.	5,000	123
Sepracor, Inc. (a)	2,400	137	Nucor Corp.	10,270	544
St. Jude Medical, Inc. (a)	2,000	155	Owens-Illinois, Inc. (a)	910	9
Steris Corp. (a)	3,160	58	Packaging Corp. of America (a)	1,600	29
Tenet Healthcare Corp. (a)	18,400	1,080	Pactiv Corp. (a)	1,700	30
Trigon Healthcare, Inc. (a)	1,700	118	Placer Dome, Inc.	680	7
UnitedHealth Group, Inc.	23,560	1,667	PPG Industries, Inc.	1,880	97
Varian Medical Systems, Inc. (a)	370	26	Praxair, Inc.	6,400	354
VISX, Inc. (a)	1,080	14	Rayonier, Inc.	750	38
WebMD Corp. (a)	2,560	18	Rohm & Haas Co.	6,000	208
Wellpoint Health Networks, Inc. (a)	700	82	Sherwin-Williams Co.	16,480	453
		<u>33,176</u>	Smurfit-Stone Container Corp. (a)	16,650	266
			Sonoco Products Co.	2,740	73
			Temple-Inland, Inc.	1,100	62
Integrated Oils - 4.1%			Tyco International, Ltd.	45,995	2,709
Amerada Hess Corp.	4,960	310	Vulcan Materials Co.	1,590	76
ChevronTexaco Corp.	17,115	1,534	Westvaco Corp.	910	26
Conoco, Inc.	15,712	445	Weyerhaeuser Co.	2,510	136
Exxon Mobil Corp.	126,640	4,977	Willamette Industries, Inc.	2,530	132
Kerr-McGee Corp.	4,210	231	Worthington Industries, Inc.	2,540	36
Marathon Oil Corp.	29,270	878			<u>8,894</u>
Occidental Petroleum Corp.	39,460	1,047			
Phillips Petroleum Co.	12,530	755	Miscellaneous - 4.0%		
Unocal Corp.	1,500	54	Brunswick Corp.	1,290	28
		<u>10,231</u>	Crane Co.	3,550	91
			Eaton Corp.	2,000	149
Materials and Processing - 3.5%			Fortune Brands, Inc.	5,640	223
Air Products & Chemicals, Inc.	7,050	331	General Electric Co.	152,540	6,114
Airgas, Inc. (a)	2,530	38	Georgia-Pacific Group	17,290	477
Albemarle Corp.	1,860	45	Hillenbrand Industries, Inc.	1,500	83
Alcoa, Inc.	5,820	207	Honeywell International, Inc.	18,695	632
American Standard Cos., Inc. (a)	3,410	233	Illinois Tool Works, Inc.	4,300	291
Archer-Daniels-Midland Co.	17,414	250	ITT Industries, Inc.	3,300	167
Ashland, Inc.	5,700	263	Johnson Controls, Inc.	3,300	266
Barrick Gold Corp.	220	4	Lancaster Colony Corp.	290	10
Bemis Co., Inc.	400	20	Minnesota Mining & Manufacturing Co.	11,020	1,303
Boise Cascade Corp.	4,830	164	SPX Corp. (a)	1,000	136
Cabot Corp.	3,200	114			<u>9,970</u>
Catellus Development Corp. (a)	10,810	199			
Crown Cork & Seal Co., Inc. (a)	3,050	8	Other Energy - 0.9%		
Dow Chemical Co.	12,091	408	Apache Corp.	2,530	126
Dycom Industries, Inc. (a)	400	7	Baker Hughes, Inc.	14,910	544
E.I. du Pont de Nemours & Co.	11,074	471	BJ Services Co. (a)	4,300	140
Eastman Chemical Co.	5,160	201	El Paso Corp.	1,800	80
Energizer Holdings, Inc. (a)	2,220	42	GlobalSantaFe Corp.	5,000	143
Engelhard Corp.	1,600	44	Helmerich & Payne, Inc.	560	19

Multi-Style Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Massey Energy Co.	350	7	Technology - 14.7%		
Mitchell Energy & Development Corp.			3Com Corp. (a)	1,490	10
Class A	40	2	Advanced Fibre Communications (a)	3,100	55
Nabors Industries, Inc. (a)	3,700	127	Advanced Micro Devices, Inc. (a)	15,200	241
Patterson-UTI Energy, Inc. (a)	300	7	Affiliated Computer Services, Inc.		
PNM Resources, Inc.	1,740	49	Class A (a)	4,600	488
Smith International, Inc. (a)	3,200	172	Analog Devices, Inc. (a)	8,100	360
Sunoco, Inc.	3,950	147	Apple Computer, Inc. (a)	10,900	239
Ultramar Diamond Shamrock Corp.	6,030	298	Applera Corp. - Applied		
Valero Energy Corp.	2,600	99	Biosystems Group	3,500	140
Weatherford International, Inc. (a)	1,400	52	Applied Micro Circuits Corp. (a)	4,900	55
Williams Cos., Inc. (The)	15,660	400	Ariba, Inc. (a)	25,387	156
		<u>2,412</u>	Atmel Corp. (a)	2,360	17
Producer Durables - 3.2%			Autodesk, Inc.	7,700	287
Agilent Technologies, Inc. (a)	8,880	253	Automatic Data Processing, Inc.	7,700	454
Allied Waste Industries, Inc. (a)	1,040	15	Avaya, Inc. (a)	700	9
Andrew Corp. (a)	3,320	73	Avnet, Inc.	1,690	43
Applied Materials, Inc. (a)	19,740	792	AVX Corp.	4,270	101
B.F. Goodrich Co.	950	25	BEA Systems, Inc. (a)	9,800	151
Boeing Co. (The)	7,370	286	BMC Software, Inc. (a)	10,610	174
Caterpillar, Inc.	12,890	674	Broadcom Corp. Class A (a)	14,620	598
Celestica, Inc. (a)	22,140	894	Brocade Communications		
Centex Corp.	1,900	108	Systems, Inc. (a)	20,200	669
Cooper Industries, Inc.	870	30	Check Point Software		
Cummins Engine Co., Inc.	5,000	193	Technologies, Ltd. (a)	3,600	144
Deere & Co.	3,900	170	Cisco Systems, Inc. (a)	214,360	3,882
Diebold, Inc.	870	35	CommScope, Inc. (a)	810	17
Dover Corp.	3,480	129	COMPAQ Computer Corp.	28,740	281
Emerson Electric Co.	6,360	363	Computer Associates International, Inc.	16,360	564
Grainger (W.W.), Inc.	10,280	493	Computer Sciences Corp. (a)	1,120	55
Hubbell, Inc. Class B	1,300	38	Compuware Corp. (a)	4,530	53
Ingersoll-Rand Co.	6,800	284	Corning, Inc.	12,850	115
Kennametal, Inc.	1,940	78	Dell Computer Corp. (a)	45,710	1,242
KLA Tencor Corp. (a)	7,500	372	Electronic Data Systems Corp.	30,900	2,118
Lam Research Corp. (a)	1,700	39	Electronics for Imaging, Inc. (a)	410	9
Lockheed Martin Corp.	12,440	581	EMC Corp. (a)	49,910	671
Northrop Grumman Corp.	631	64	Emulex Corp. (a)	2,700	107
Novellus Systems, Inc. (a)	1,300	51	Flextronics International, Ltd. (a)	23,520	564
Pentair, Inc.	1,830	67	General Dynamics Corp.	3,790	302
Pitney Bowes, Inc.	10,760	405	General Motors Corp. Class H (a)	1,439	22
Polycom, Inc. (a)	11,100	382	Harris Corp.	9,300	284
Rockwell Collins	2,370	46	Hewlett-Packard Co.	38,970	800
Stewart & Stevenson Services, Inc.	190	4	Imation Corp. (a)	370	8
Tecumseh Products Co. Class A	110	6	Ingram Micro, Inc. Class A (a)	3,660	63
Tektronix, Inc. (a)	3,880	100	Intel Corp.	121,770	3,830
United Technologies Corp.	9,770	631	International Business Machines Corp.	21,960	2,656
Xerox Corp.	40,320	420	Intuit, Inc. (a)	7,100	304
		<u>8,101</u>	JDS Uniphase Corp. (a)	24,810	215
			Keane, Inc. (a)	1,350	24
			L-3 Communications Holdings, Inc. (a)	3,400	306
			Linear Technology Corp.	5,700	223

Multi-Style Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
LSI Logic Corp. (a)	3,000	47	Constellation Energy Group	5,490	146
Lucent Technologies, Inc.	23,850	150	Cox Communications, Inc. Class A (a)	1,570	66
Maxim Integrated Products, Inc. (a)	6,275	330	Dominion Resources, Inc.	5,520	332
Microchip Technology, Inc. (a)	6,300	244	DPL, Inc.	4,600	111
Micron Technology, Inc. (a)	28,060	870	DTE Energy Co.	1,632	68
Microsoft Corp. (a)	56,500	3,743	Duke Energy Corp.	7,890	310
Motorola, Inc.	9,490	143	Edison International (a)	2,700	41
National Semiconductor Corp. (a)	3,200	99	Entergy Corp.	2,550	100
Network Associates, Inc. (a)	8,900	230	Exelon Corp.	3,282	157
NVIDIA Corp. (a)	8,400	562	FirstEnergy Corp.	9,120	319
Oracle Corp. (a)	55,260	763	FPL Group, Inc.	2,710	153
PanAmSat Corp. (a)	290	6	KeySpan Corp.	2,590	90
PeopleSoft, Inc. (a)	21,990	884	Level 3 Communications, Inc. (a)	3,010	15
PerkinElmer, Inc.	1,000	35	Mirant Corp. New (a)	3,226	52
QUALCOMM, Inc. (a)	6,000	303	Nextel Communications, Inc.		
Raytheon Co.	8,920	290	Class A (a)	27,900	306
Rockwell International Corp.	12,160	217	Nokia Corp. - ADR	71,580	1,755
Sanmina Corp. (a)	7,700	153	Northeast Utilities	5,000	88
Siebel Systems, Inc. (a)	29,820	834	NSTAR	340	15
Storage Technology Corp. (a)	12,930	267	PG&E Corp. (a)	8,930	172
Sun Microsystems, Inc. (a)	41,100	506	Pinnacle West Capital Corp.	4,690	196
Sybase, Inc. (a)	220	3	Potomac Electric Power Co.	3,660	83
Synopsys, Inc. (a)	1,500	89	PPL Corp.	6,740	235
Texas Instruments, Inc.	25,770	722	Progress Energy, Inc.	1,050	47
Unisys Corp. (a)	2,870	36	Progress Energy, Inc. - CVO (a)	1,300	1
UTStarcom, Inc. (a)	7,160	204	Public Service Enterprise Group, Inc.	5,010	211
VeriSign, Inc. (a)	1,400	53	Puget Sound Energy, Inc.	10,800	236
Veritas Software Corp. (a)	30,150	1,352	Questar Corp.	820	21
Vitesse Semiconductor Corp. (a)	5,000	62	Qwest Communications		
Williams Communications Group, Inc. (a)	575	1	International, Inc.	6,447	91
Xilinx, Inc. (a)	17,270	674	Reliant Energy, Inc.	10,510	279
		<u>36,978</u>	Reliant Resources, Inc. New (a)	1,030	17
			SBC Communications, Inc.	64,493	2,526
Utilities - 8.5%			Sempra Energy	16,870	414
Allegheny Energy, Inc.	5,210	189	Sprint Corp. (Fon Group)	49,740	999
Alliant Energy Corp.	1,500	46	Sprint Corp. (PCS Group) (a)	42,600	1,040
Alltel Corp.	700	43	TeleCorp PCS, Inc. Class A (a)	1,530	19
Ameren Corp.	6,000	254	Telephone & Data Systems, Inc.	760	68
American Electric Power Co., Inc.	13,660	595	TXU Corp.	8,390	396
AT&T Corp.	48,136	873	United States Cellular Corp. (a)	370	17
AT&T Wireless Services, Inc. (a)	70,510	1,013	Verizon Communications, Inc.	66,082	3,136
BellSouth Corp.	25,550	975	Vodafone Group PLC - ADR	7,400	190
Cablevision Systems Corp.			Western Resources, Inc.	13,070	225
(Rainbow Media Group) (a)	245	6	Western Wireless Corp. Class A (a)	400	10
Centennial Cellular Corp. Class A (a)	390	4	Wisconsin Energy Corp.	5,200	116
CenturyTel, Inc.	1,350	44	WorldCom, Inc. - WorldCom Group (a)	46,990	662
Cinergy Corp.	7,200	241	Xcel Energy, Inc.	11,270	312
CMS Energy Corp.	9,700	233			<u>21,323</u>
Comcast Corp. Special Class A (a)	17,100	616			
Consolidated Edison, Inc.	8,620	348	Total Common Stocks		<u>235,639</u>
			(cost \$222,021)		

Multi-Style Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$	Futures Contracts	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000)
Short-Term Investments - 6.9%					
Frank Russell Investment Company			S&P 500 Index		
Money Market Fund (b)	15,240	15,240	expiration date 03/02	14,078	\$ 155
United States Treasury Bills (c)(d)(e)			S&P Midcap 400 Index		
1.650% due 03/21/02	2,000	<u>1,992</u>	expiration date 03/02	2,800	<u>60</u>
Total Short-Term Investments			Total Unrealized Appreciation		
(cost \$17,232)		<u>17,232</u>	(Depreciation) on Open Futures		
			Contracts Purchased		<u>\$ 215</u>
Total Investments - 100.5%					
(identified cost \$239,253)		252,871			
Other Assets and Liabilities,					
Net - (0.5%)		<u>(1,141)</u>			
Net Assets - 100.0%		<u><u>251,730</u></u>			

- (a) Nonincome-producing security.
- (b) At net asset value.
- (c) At amortized cost, which approximates market.
- (d) Held as collateral in connection with futures contracts purchased by the Fund.
- (e) Rate noted is yield-to-maturity from date of acquisition.
- (f) Real Estate Investment Trust (REIT).

Abbreviations:

ADR - American Depositary Receipt
CVO - Contingent Value Obligation

See accompanying notes which are an integral part of the financial statements.

Multi-Style Equity Fund

Statement of Assets and Liabilities

Amounts in thousands (except per share amounts)

December 31, 2001

Assets

Investments at market (including securities on loan of \$267), (identified cost \$239,253)	\$	252,871
Receivables:		
Dividends		334
Investments sold		1,644
Fund shares sold		189
Investment of securities lending collateral in money market funds, at cost and market value		<u>278</u>
Total assets		255,316

Liabilities

Payables:

Investments purchased	\$	2,778
Fund shares redeemed		181
Accrued fees to affiliates		140
Other accrued expenses		59
Daily variation margin on futures contracts		150
Payable upon return of securities loaned		<u>278</u>
Total liabilities		<u>3,586</u>

Net Assets	\$	<u>251,730</u>
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Net Assets Consist of:

Undistributed net investment income	\$	382
Accumulated net realized gain (loss)		(76,331)
Unrealized appreciation (depreciation) on:		
Investments		13,618
Futures contracts		215
Shares of beneficial interest		213
Additional paid-in capital		<u>313,633</u>

Net Assets	\$	<u>251,730</u>
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Net Asset Value, offering and redemption price per share:

(\$251,729,674 divided by 21,259,028 shares of \$.01 par value shares of beneficial interest outstanding)	\$	<u>11.84</u>
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See accompanying notes which are an integral part of the financial statements.

Multi-Style Equity Fund

Statement of Operations

Amounts in thousands

Year Ended December 31, 2001

Investment Income

Dividends	\$	3,070
Dividends from Money Market Fund		510
Interest		73
Securities Lending Income		<u>2</u>
Total investment income		3,655

Expenses

Management fees	\$	1,906
Custodian fees		338
Transfer agent fees		9
Professional fees		54
Trustees' fees		17
Amortization of deferred organization expenses		1
Miscellaneous		<u>109</u>
Expenses before reductions		2,434
Expense reductions		<u>(170)</u>
Expenses, net		<u>2,264</u>

Net investment income		<u>1,391</u>
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Net Realized and Unrealized Gain (Loss)

Net realized gain (loss) on:

Investments	(33,494)	
Futures contracts	<u>(2,624)</u>	(36,118)

Net change in unrealized appreciation (depreciation) on:

Investments	(3,792)	
Futures contracts	<u>390</u>	(3,402)

Net realized and unrealized gain (loss)		<u>(39,520)</u>
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Net increase (decrease) in net assets from operations	\$	<u><u>(38,129)</u></u>
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See accompanying notes which are an integral part of the financial statements.

Multi-Style Equity Fund

Statement of Changes in Net Assets

Amounts in thousands

Years Ended December 31,

	<u>2001</u>	<u>2000</u>
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 1,391	\$ 1,440
Net realized gain (loss)	(36,118)	(28,353)
Net change in unrealized appreciation (depreciation)	<u>(3,402)</u>	<u>(7,169)</u>
Net increase (decrease) in net assets from operations	<u>(38,129)</u>	<u>(34,082)</u>
Distributions		
From net investment income	(1,122)	(1,512)
From net realized gain	<u>(4,575)</u>	<u>(10,283)</u>
Net decrease in net assets from distributions	<u>(5,697)</u>	<u>(11,795)</u>
Share Transactions		
Net increase (decrease) in net assets from share transactions	<u>32,892</u>	<u>22,664</u>
Total net increase (decrease) in net assets	(10,934)	(23,213)
Net Assets		
Beginning of period	<u>262,664</u>	<u>285,877</u>
End of period (including undistributed net investment income of \$382 and \$88, respectively)	<u><u>\$ 251,730</u></u>	<u><u>\$ 262,664</u></u>

See accompanying notes which are an integral part of the financial statements.

Multi-Style Equity Fund

Financial Highlights

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements.

	Years Ended December 31,				
	2001	2000	1999	1998	1997*
Net Asset Value, Beginning of Period	\$ 14.13	\$ 16.79	\$ 16.02	\$ 12.78	\$ 10.00
Income From Operations					
Net investment income (a) .....	.07	.08	.12	.10	.09
Net realized and unrealized gain (loss)	(2.06)	(2.10)	2.41	3.49	2.75
Total income from operations	(1.99)	(2.02)	2.53	3.59	2.84
Distributions					
From net investment income	(.06)	(.08)	(.12)	(.08)	(.06)
From net realized gain	(.24)	(.56)	(1.64)	(.27)	—
Total distributions	(.30)	(.64)	(1.76)	(.35)	(.06)
Net Asset Value, End of Period	\$ 11.84	\$ 14.13	\$ 16.79	\$ 16.02	\$ 12.78
Total Return (%) (b)	(14.21)	(12.26)	17.17	28.71	28.53
Ratios/Supplemental Data:					
Net Assets, end of period (in thousands)	251,730	262,664	285,877	73,998	23,639
Ratios to average net assets (%) (c):					
Operating expenses, net. ....	.92	.92	.92	.92	.92
Operating expenses, gross .....	.99	.93	.96	1.21	1.61
Net investment income .....	.57	.51	.74	.70	.76
Portfolio turnover rate (%)	131.67	161.09	67.67	78.89	64.95

* For the period January 2, 1997 (commencement of operations) to December 31, 1997.

(a) For the periods subsequent to December 31, 1997, average month-end shares outstanding were used for this calculation.

(b) Periods less than one year are not annualized.

(c) The ratios for periods less than one year are annualized.

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Aggressive Equity Fund

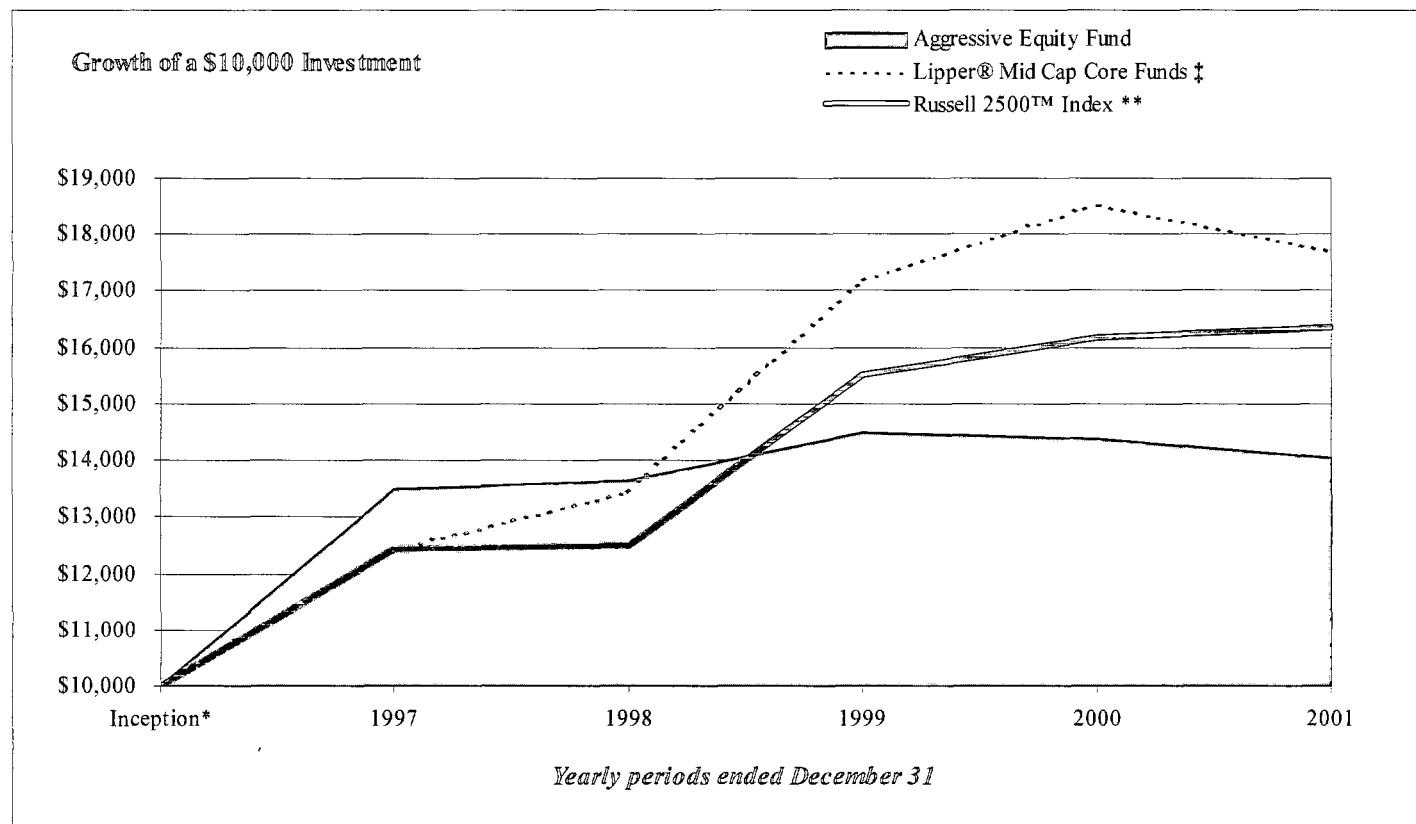
Portfolio Management Discussion

December 31, 2001 (Unaudited)

Objective: To provide capital appreciation by assuming a higher level of volatility than is ordinarily expected from the Multi-Style Equity Fund by investing in equity securities.

Invests in: Primarily common stocks of small and medium capitalization US companies.

Strategy: The Fund uses a multi-style, multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of six small capitalization stock fund managers with distinct investment styles.



Aggressive Equity Fund		
Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 9,764	(2.36)%
Inception	\$ 14,038	7.02%§

Russell 2500™ Index		
Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 10,122	1.22%
Inception	\$ 16,357	10.34%§

Lipper® Small Co. Growth Funds Benchmark		
Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 9,546	(4.54)%
Inception	\$ 17,698	

Aggressive Equity Fund

Portfolio Management Discussion

December 31, 2001 (Unaudited)

Performance Review

For the year ended December 31, 2001, the Aggressive Equity Fund reflected a loss of 2.36% as compared to the Russell 2500TM Index, which gained 1.22%. Security selection within the technology and financial services sectors were the largest detractors from the Fund's benchmark relative performance over the year.

Portfolio Highlights

The Fund's trailing returns during the first and second quarters accounted for the performance shortfall over the past 12 months. During the final six months of the year, although the Fund outperformed its index, it was unable to overcome the lagging returns from the first half of the year.

In an effort to further diversify the Fund's growth segment, two new managers were added to its lineup during the year. TimesSquare was funded during the second quarter, followed by Suffolk Capital Management in the third quarter. Russell has a high degree of confidence in both managers, and anticipates a positive impact on the Fund's long term performance.

During the first quarter, small cap led large cap issues, while value outperformed growth. The Fund trailed its index a result of its underexposure to the strongest performing securities, which in general, were either low quality stocks with poor earnings fundamentals or more speculative growth stocks with high price-to-earnings ratios.

Markets advanced during the second quarter, with small cap issues once again outperforming large cap issues. In contrast to the first quarter, growth outperformed value by roughly a two-to-one ratio. During the quarter, excess returns generated from strong stock selection were, to a large extent, offset by relatively defensive sector positioning among several of the Fund's growth managers.

Markets returned to negative territory during the third quarter, with the majority of the decline occurring prior to the September 11 terrorist attacks. In contrast to the second quarter, large caps led small caps, and value outperformed growth. The Fund outperformed its index, as it was rewarded for the specific securities held within the health care sector. Notably, emphasis of health service providers and de-emphasis of biotechnology companies enhanced returns.

US equity markets returned to positive ground during the fourth quarter as investors began to anticipate that the end of the economic recession was near. Once again reversing the trends of the previous quarter, small cap returned to favor, as did growth. The Fund slightly trailed its index, as a result of its stock selection within the technology and health care sectors.

Top Ten Equity Holdings (as a percent of Total Investments)

December 31, 2001

AmerisourceBergen Corp.	0.68%
Ryland Group, Inc. (The)	0.56
Sovereign Bancorp, Inc.	0.54
Raymond James Financial, Inc.	0.51
Medicis Pharmaceutical Corp. Class A.	0.51
Astoria Financial Corp.	0.50
Ryder System, Inc.	0.48
Pharmaceutical Product Development, Inc.	0.43
Integrated Circuit Systems, Inc.	0.43
Dole Food Co., Inc.	0.42

Portfolio Characteristics

December 31, 2001

Current P/E Ratio	18.9x
Portfolio Price/Book Ratio	2.24x
Market Capitalization - \$-Weighted Average	1.65 Bil
Number of Holdings	950

Money Managers

Styles

CapitalWorks Investment Partners, LLC	Growth
David J. Greene & Co., LLC	Value
Geewax, Terker & Co.	Growth
Jacobs Levy Equity Management, Inc.	Value
Suffolk Capital Management, Inc.	Growth
Systematic Financial Management, LP	Value
TimesSquare Capital Management, Inc.	Growth
Westpeak Global Advisors, LP	Market-Oriented

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Russell 2500TM Index is composed of the bottom 500 stocks in the Russell 1000[®] Index and all the stocks in the Russell 2000[®] Index. The largest security in this index has a market capitalization of about \$4.0 billion. The Russell 2500TM Index return reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

‡ Lipper[®] Small Co. Growth Funds Benchmark is the average total return for the universe of funds within the Small Company Growth Funds investment objective. The total return for the funds reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Aggressive Equity Fund

Statement of Net Assets

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 91.9%					
Auto and Transportation - 3.7%					
Airborne, Inc.	14,700	218	American Woodmark Corp.	200	11
American Axle & Manufacturing Holdings, Inc. (a)	7,400	158	AnnTaylor Stores Corp. (a)	5,300	186
Arkansas Best Corp. (a)	3,300	95	Apollo Group, Inc. Class A (a)	150	7
ArvinMeritor, Inc.	4,700	92	Applebee's International, Inc.	2,850	97
Atlantic Coast Airlines, Inc. (a)	1,350	31	Applica, Inc. (a)	13,300	120
Autoliv, Inc.	3,200	65	Argosy Gaming Co. (a)	4,100	133
Aviall, Inc. (a)	1,900	14	AutoZone, Inc. (a)	2,700	194
Bandag, Inc.	500	17	Aztar Corp. (a)	4,700	86
Borg-Warner Automotive, Inc.	6,863	359	BJ's Wholesale Club, Inc. (a)	3,980	176
C.H. Robinson Worldwide, Inc.	3,270	95	Blockbuster Entertainment Corp.	9,300	234
Circuit City Stores, Inc. -			Bob Evans Farms, Inc.	900	22
CarMax Group (a)	9,900	225	Borders Group, Inc. (a)	1,700	34
Cooper Tire & Rubber Co.	5,700	91	Bowne & Co., Inc.	1,400	18
Dana Corp.	11,300	157	Brinker International, Inc. (a)	2,000	60
Florida East Coast Industries, Inc.	600	14	Brown Shoe Co., Inc.	7,100	115
Frontier Airlines, Inc. (a)	690	12	Buca, Inc. (a)	8,300	135
Gentex Corp. (a)	3,600	96	Catalina Marketing Corp. (a)	3,700	128
Heartland Express, Inc. (a)	1,100	31	Cato Corp. Class A	800	15
Hunt (JB) Transportation Services, Inc. (a)	700	16	CBRL Group, Inc.	6,300	185
Kansas City Southern Industries, Inc. (a)	3,700	52	Charter Communications Holdings, Inc.		
Kirby Corp. (a)	1,000	28	Class A (a)	5,300	87
Knight Transportation, Inc. (a)	1,050	20	Cheesecake Factory, Inc. (The) (a)	1,105	38
Landstar Systems, Inc. (a)	2,800	203	Chicos FAS, Inc. (a)	1,100	44
Lear Corp. (a)	11,200	427	Children's Place Retail Stores, Inc. (The) (a)	3,313	90
Mesa Airlines, Inc. (a)	2,300	17	Choice Hotels International, Inc. (a)	1,320	29
Navistar International Corp.	5,600	221	ChoicePoint, Inc. (a)	5,100	259
Offshore Logistics, Inc. (a)	5,000	89	Christopher & Banks Corp. (a)	6,645	228
Oshkosh Truck Corp. Class B	1,400	68	Circuit City Stores - Circuit City Group	1,100	29
Overseas Shipholding Group, Inc.	2,300	52	CKE Restaurants, Inc. (a)	16,800	152
Roadway Express, Inc.	3,500	128	Coach, Inc. New (a)	3,364	131
Skywest, Inc.	13,500	344	Coinstar, Inc. (a)	3,200	80
TBC Corp. (a)	1,500	20	Consolidated Graphics, Inc. (a)	1,000	19
Visteon Corp.	14,900	224	Corinthian Colleges, Inc. (a)	1,500	61
Wabtec Corp.	10,600	130	Corporate Executive Board Co., (The) (a)	7,220	265
Werner Enterprises, Inc.	5,600	136	Cost Plus, Inc. (a)	500	13
Winnebago Industries, Inc.	2,700	100	Cox Radio, Inc. Class A (a)	4,158	106
Yellow Corp. (a)	5,392	136	Daisytek International Corp. (a)	1,900	25
		<u>4,181</u>	Darden Restaurants, Inc.	3,400	120
			DeVry, Inc. (a)	2,000	57
Consumer Discretionary - 16.2%			DiamondCluster International, Inc.		
Abercrombie & Fitch Co. Class A (a)	5,695	151	Class A (a)	3,700	48
Action Performance Companies, Inc. (a)	2,270	69	DigitalThink, Inc. (a)	2,500	27
Advance Auto Parts, Inc. (a)	515	26	Dollar Tree Stores, Inc. (a)	3,844	119
Advo Systems, Inc. (a)	2,600	112	EarthLink, Inc. (a)	12,446	151
Alberto-Culver Co. Class B	2,983	133	Edison Schools, Inc. (a)	5,737	113
Amazon.com, Inc. (a)	11,100	120	Education Management Corp. (a)	3,500	127
American Eagle Outfitters, Inc. (a)	4,352	114	Emmis Communications Corp. Class A (a)	4,441	105
American Greetings Corp. Class A	11,000	152	Entercom Communications Corp. (a)	2,900	145
			Ethan Allen Interiors, Inc.	3,100	129
			Extended Stay America, Inc. (a)	9,600	157

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Exult, Inc. (a)	3,100	50	On Assignment, Inc. (a)	270	6
F.Y.I., Inc. (a)	2,100	70	Oshkosh B' Gosh, Inc. Class A	800	34
Fisher Scientific International, Inc. (a)	4,090	119	Pacific Sunwear of California, Inc. (a)	1,460	30
Foot Locker, Inc. (a)	3,000	47	Panera Bread Co. (a)	440	23
Footstar, Inc. (a)	4,500	141	Park Place Entertainment Corp. (a)	20,000	183
Fred's, Inc. Class A	2,525	103	Paxson Communications Corp. (a)	1,400	15
Freemarkets, Inc. (a)	6,700	161	Payless ShoeSource, Inc. (a)	3,300	185
Friedman's, Inc. Class A	2,000	17	Penton Media, Inc.	5,900	37
FTI Consulting, Inc. (a)	4,840	159	Pep Boys - Manny, Moe & Jack	13,000	223
Furniture Brands International, Inc. (a)	6,000	192	Phillips-Van Heusen Corp.	21,000	229
Galyan's Trading Co. New (a)	13,600	194	Pier 1 Imports, Inc.	17,413	302
Genesco, Inc. (a)	1,300	27	Pittston Brink's Group	10,000	221
Getty Images, Inc. (a)	15,344	353	Playtex Products, Inc. (a)	12,500	122
Gray Communications Systems, Inc.	1,400	19	Pre-paid Legal Services, Inc. (a)	4,600	101
Group 1 Automotive, Inc. (a)	4,800	137	Prime Hospitality Corp. (a)	5,200	57
GTECH Holdings Corp. (a)	1,220	55	ProQuest Co. (a)	1,800	61
Handleman Co. (a)	2,900	43	Quanta Services, Inc. (a)	1,800	28
Haverty Furniture Co., Inc.	1,200	20	Quicksilver, Inc. (a)	4,978	86
Herbalife International, Inc. Class A	3,600	51	R.H. Donnelley Corp. (a)	6,100	177
Hollinger International, Inc. Class A	5,300	62	Radio One, Inc. (a)	6,200	112
Hot Topic, Inc. (a)	5,830	183	Reebok International, Ltd. (a)	5,400	143
Hotel Reservations Network, Inc.			Regis Corp.	340	9
Class A (a)	1,200	55	Revlon, Inc. Class A (a)	2,600	17
IHOP Corp. (a)	1,400	41	Right Management Consultants, Inc. (a)	1,270	22
Ikon Office Solutions, Inc.	30,800	360	Ross Stores, Inc.	1,800	58
International Flavors & Fragrances, Inc.	1,100	33	Royal Caribbean Cruises, Ltd.	8,630	140
International Game Technology (a)	380	26	Ruby Tuesday, Inc.	1,100	23
Isle of Capri Casinos, Inc. (a)	1,400	19	Ryan's Family Steak Houses, Inc. (a)	6,500	141
Lamar Advertising Co. Class A (a)	7,200	305	Saks, Inc. (a)	7,300	68
Land's End, Inc. (a)	3,200	161	Salton, Inc. (a)	12,100	228
Landry's Seafood Restaurants, Inc.	5,240	98	Scholastic Corp. (a)	2,520	127
Liberty Corp.	2,000	82	School Specialty, Inc. (a)	3,800	87
Lightbridge, Inc. (a)	1,600	19	SCP Pool Corp. (a)	9,455	260
Lone Star Steakhouse & Saloon	3,900	58	Service Corp. International (a)	20,000	100
Mathews International Corp. Class A	980	24	Shuffle Master, Inc. (a)	2,200	34
MAXIMUS, Inc. (a)	1,600	67	Six Flags, Inc. (a)	4,100	63
Maxwell Shoe Company, Inc. Class A (a)	9,800	138	Sonic Automotive, Inc. (a)	6,700	157
Media General, Inc. Class A	1,000	50	Sonic Corp. (a)	1,590	57
Meredith Corp.	2,100	75	Spanish Broadcasting Systems, Inc. (a)	2,400	24
Michaels Stores, Inc. (a)	3,400	112	Steiner Leisure, Ltd. (a)	6,100	130
Mobile Mini, Inc. (a)	1,800	70	Stride Rite Corp.	1,600	10
Movado Group, Inc.	13,100	252	Sturm, Ruger & Co., Inc.	3,900	47
Movie Gallery, Inc. (a)	1,200	29	Sylvan Learning Systems, Inc. (a)	6,100	135
MPS Group, Inc.	22,000	157	Take-Two Interactive Software, Inc. (a)	3,800	61
Neiman Marcus Group, Inc. (The)			Talbots, Inc.	1,600	58
Class A (a)	4,800	149	Tech Data Corp. (a)	4,100	177
New Horizons Worldwide, Inc. (a)	1,400	16	Tetra Tech, Inc. (a)	7,125	142
Nordstrom, Inc.	2,700	55	THQ, Inc. (a)	2,000	97
Nu Skin Enterprises, Inc. Class A	3,000	26	Tiffany & Co.	2,300	72
O'Reilly Automotive, Inc. (a)	4,850	177	Tommy Hilfiger Corp. (a)	16,800	231
Office Depot, Inc. (a)	20,100	373	Too, Inc. (a)	6,300	173

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Toro Co.	2,500	113	UST, Inc.	50	2
Tuesday Morning Corp. (a)	1,700	31	Winn-Dixie Stores, Inc.	10,000	142
United Auto Group, Inc. (a)	4,100	106			<u>4,435</u>
United Stationers, Inc. (a)	1,300	44			
Universal Electronics, Inc. (a)	12,200	210	Financial Services - 18.3%		
Urban Outfitters, Inc. (a)	1,770	43	Advanta Corp. Class A	2,700	27
Valassis Communications, Inc. (a)	2,600	93	Aetna, Inc.	5,700	188
Valuevision International, Inc. Class A (a)	5,600	110	Affiliated Managers Group, Inc. (a)	5,760	406
Vans, Inc. (a)	1,800	23	Alexandria Real Estate Equities, Inc. (e)	1,500	62
Volt Information Sciences, Inc. (a)	800	14	American Financial Group, Inc.	1,900	47
Wallace Computer Services, Inc.	3,500	66	American Financial Holdings, Inc.	900	23
West Corp. (a)	3,200	80	American National Insurance Co.	300	25
Wet Seal, Inc. Class A (The) (a)	2,700	64	AmeriCredit Corp. (a)	5,012	158
Williams-Sonoma, Inc. (a)	5,056	216	Annaly Mortgage Management, Inc.	11,600	186
XM Satellite Radio, Inc. Class A (a)	7,900	144	Anthracite Capital, Inc.	3,300	36
Yahoo!, Inc. (a)	12,300	217	Arrow Financial Corp.	735	21
Zale Corp. (a)	3,029	126	Associated Banc-Corp.	7,230	255
		<u>18,040</u>	Astoria Financial Corp.	21,000	556
Consumer Staples - 4.0%			BankAtlantic Bancorp, Inc. Class A	7,700	71
American Italian Pasta Co. Class A (a)	2,100	88	BankUnited Financial Corp. (a)	600	9
Church and Dwight Co., Inc.	860	23	BARRA, Inc. (a)	1,000	47
Constellation Brands, Inc. Class A (a)	7,960	341	Bedford Property Investors, Inc. (e)	2,700	61
Coors (Adolph) Co. Class B	3,700	198	BISYS Group, Inc. (a)	6,700	429
Del Monte Foods Co. (a)	1,900	16	BKF Capital Group, Inc. (a)	900	26
Dial Corp.	24,900	427	Block (H&R), Inc.	100	4
Dimon, Inc.	3,500	25	BOK Financial Corp. (a)	2,000	63
Dole Food Co., Inc.	17,400	467	Boston Private Financial Holdings, Inc.	1,490	33
Fresh Del Monte Produce, Inc.	6,100	92	Boykin Lodging Co. (e)	2,200	18
Great Atlantic & Pacific Tea Co., Inc. (a)	5,500	131	Brandywine Realty Trust (e)	2,200	46
Ingles Markets, Inc.	2,300	27	Brookline Bancorp, Inc.	1,700	28
Interstate Bakeries Corp.	7,100	172	Brown & Brown, Inc.	11,780	322
J & J Snack Foods Corp. (a)	1,000	24	Camden Property Trust (e)	3,900	143
Longs Drug Stores, Inc.	2,600	61	Capital Automotive (e)	4,819	96
McCormick & Co., Inc.	960	40	CBL & Associates Properties, Inc. (e)	7,800	246
Nash Finch Co.	1,100	34	Certegy, Inc. New (a)	4,000	137
Nature's Sunshine Products, Inc.	1,900	22	Charter Municipal Mortgage Acceptance Co.	1,300	21
NBTY, Inc. (a)	4,200	49	Chelsea Property Group, Inc.	1,500	74
Pathmark Stores, Inc. (a)	5,000	123	City National Corp.	2,100	98
PepsiAmericas, Inc.	13,000	179	Coastal Bancorp, Inc.	5,400	156
Performance Food Group Co. (a)	2,630	92	Cobalt Corp. (a)	13,800	88
Ralcorp Holdings, Inc. (a)	1,600	36	Comdisco, Inc.	14,500	8
Schweitzer-Mauduit International, Inc.	2,900	69	Commerce Group, Inc.	2,400	90
Smithfield Foods, Inc. (a)	20,600	454	Commercial Federal Corp.	6,900	162
Spartan Stores, Inc. (a)	2,300	28	Commercial Net Lease Realty (e)	1,700	22
Standard Commercial Corp.	10,200	168	Community First Bankshares, Inc.	200	5
SuperValu, Inc.	15,400	341	Cornerstone Realty Income Trust, Inc.	700	8
Tootsie Roll Industries, Inc.	3,600	141	CORUS Bankshares, Inc.	2,800	127
Tyson Foods, Inc. Class A	23,162	268	Countrywide Credit Industries, Inc.	110	5
United Natural Foods, Inc. (a)	1,500	38	Cullen Frost Bankers, Inc.	4,800	148
Universal Corp.	3,200	117	Deluxe Corp.	3,300	137

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Digital Insight Corp. (a)	4,126	92	Independent Bank Corp.	1,200	26
Dime Bancorp, Inc. 2001 Litigation Tracking Warrants (a)	29,900	4	Independent Bank Corp.	1,173	33
Dime Community Bancorp, Inc.	7,250	203	IndyMac Bancorp, Inc. (a)	16,100	376
Doral Financial Corp.	6,300	197	Innkeepers USA Trust	20,300	199
Downey Financial Corp.	3,000	124	Investment Technology Group (a)	8,115	317
DST Systems, Inc. (a)	3,000	150	Investors Financial Services Corp.	5,200	344
E*TRADE Group, Inc. (a)	8,400	86	IRT Property Co.	2,800	30
EastGroup Properties, Inc.	800	18	Irwin Financial Corp.	2,700	46
Eaton Vance Corp.	4,380	156	iShares S&P MidCap 400 / BARRA Growth Index Fund	1,700	194
Edwards (A.G.), Inc.	8,100	358	J.P. Realty, Inc. (e)	1,200	29
eFunds Corp. (a)	1,500	21	Jack Henry & Associates, Inc.	5,200	114
Entertainment Properties Trust (e)	8,100	157	JDN Realty Corp. (e)	2,800	35
Equity Inns, Inc.	3,800	25	Jefferies Group, Inc.	3,100	131
FactSet Research Systems, Inc.	4,220	147	John Nuveen & Co., Inc. Class A	2,550	136
Fair, Isaac and Co., Inc.	1,650	104	Keystone Property Trust	1,100	14
Federated Investors, Inc. Class B	2,700	86	Koger Equity, Inc.	1,800	29
Fidelity National Financial, Inc.	14,030	348	Kramont Realty Trust	1,300	19
Financial Federal Corp. (a)	470	15	Kronos, Inc. (a)	1,350	65
Financial Institutions, Inc.	900	21	LaBranche & Co., Inc. (a)	4,300	148
FINOVA Group, Inc. (a)	8,800	5	Lakeland Bancorp, Inc.	925	15
First American Financial Corp.	15,400	289	LandAmerica Financial Group, Inc.	4,000	115
First Bancorp.	2,310	66	LaSalle Hotel Properties (e)	1,300	15
First Banks America, Inc. (a)	500	16	Legg Mason, Inc.	3,700	185
First Citizens BancShares, Inc.	900	88	Leucadia National Corp.	1,200	35
First Federal Capital Corp.	1,800	28	Lexington Corporate Properties Trust	1,000	16
First Niagara Financial Group, Inc.	3,000	50	Macerich Co. (The) (e)	2,000	53
First Place Financial Corp.	1,200	19	MAF Bancorp, Inc.	400	12
First Republic Bank (a)	1,200	29	Markel Corp. (a)	1,300	234
FirstFed Financial Corp. (a)	3,600	92	MB Financial, Inc. (a)	1,000	27
Flagstar Bancorp, Inc.	1,700	34	Mercury General Corp.	700	31
Flushing Financial Corp.	800	14	Metris Companies, Inc.	15,454	397
Fulton Financial Corp.	420	9	Mississippi Valley Bancshares, Inc.	600	24
Gallagher (Arthur J.) & Co.	3,440	119	Moody's Corp.	3,600	143
GATX Corp.	3,900	127	National Health Investors, Inc.	7,500	111
Glacier Bancorp, Inc.	110	2	National Western Life Insurance Co. Class A (a)	200	22
Glenborough Realty Trust, Inc. (e)	2,100	41	Neuberger Berman, Inc.	4,200	184
Global Payments, Inc.	7,600	261	New Century Financial Corp. (a)	1,400	19
Golden State Bancorp, Inc.	3,400	89	New York Community Bancorp, Inc.	11,473	262
Great Lakes, Inc.	1,000	16	OceanFirst Financial Corp.	2,900	70
Greenpoint Financial Corp.	1,000	36	Ocwen Financial Corp. (a)	3,400	29
Harland (John H.) Co.	1,400	31	Odyssey Re Holdings Corp.	8,000	142
Harleysville Group, Inc.	900	22	Ohio Casualty Corp. (a)	6,300	101
Health Care, Inc.	3,000	73	Old Republic International Corp.	11,200	314
Healthcare Realty Trust, Inc. (e)	2,500	70	Old Second Bancorp, Inc.	400	16
Hibernia Corp. Class A	6,500	116	Pacific Century Financial Corp.	9,300	241
Hospitality Properties Trust (e)	3,313	98	Parkway Properties, Inc.	1,700	56
Host Marriott Corp. (e)	10,200	92	PFF Bancorp, Inc.	3,600	99
HRPT Properties Trust	16,900	146	Philadelphia Consolidated Holding Corp. (a)	550	21
Hudson City Bancorp, Inc.	1,100	29			
Independence Community Bank Corp.	5,600	127			

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
PMI Group, Inc. (The)	500	34	Health Care - 13.2%		
Port Financial Corp.	1,200	31	Abgenix, Inc. (a)	5,500	185
Prentiss Properties Trust (e)	3,600	99	Accredo Health, Inc. (a)	2,100	83
Prime Group Realty Trust	1,900	18	AdvancePCS (a)	2,630	77
Protective Life Corp.	7,300	211	Affymetrix, Inc. (a)	2,600	98
Provident Bankshares Corp.	1,500	36	Albany Molecular Research, Inc. (a)	600	16
PS Business Parks, Inc. (e)	1,000	32	Alexion Pharmaceuticals, Inc. (a)	500	12
R&G Financial Corp.	6,300	108	Alkermes, Inc. (a)	5,100	134
Radian Group, Inc.	5,816	250	Alpharma, Inc. Class A	3,000	79
Raymond James Financial, Inc.	16,215	576	American Medical Systems Holdings, Inc.		
Realty Income Corp. (e)	1,600	47	New (a)	860	18
Redwood Trust, Inc.	1,100	27	AmerisourceBergen Corp.	12,029	764
RenaissanceRe Holdings, Ltd.	2,500	239	AMN Healthcare Services, Inc. New (a)	1,500	41
Republic Bancorp, Inc.	15,301	212	Applera Corp. - Celera Genomics		
Republic Bancorp, Inc. Class A	6,100	82	Group (a)	10,100	270
RFS Hotel Investors, Inc. (e)	3,000	34	Apria Healthcare Group, Inc. (a)	1,640	41
Roslyn Bancorp, Inc.	8,650	151	Barr Laboratories, Inc. (a)	1,200	95
Ryder System, Inc.	24,300	538	Bausch & Lomb, Inc.	9,300	350
Sandy Spring Bancorp, Inc.	5,080	162	Beckman Coulter, Inc.	3,090	137
Seacoast Banking Corp. of Florida	3,000	139	Bio-Rad Laboratories, Inc. Class A (a)	600	38
Second Bancorp, Inc.	700	15	Bio-Technology General Corp. (a)	3,900	32
Senior Housing Properties Trust	9,000	125	Boron, LePore & Associates, Inc. (a)	2,000	28
Shurgard Storage Centers, Inc. Class A (e)	1,300	42	Bruker Daltonics, Inc. New (a)	8,040	131
Silicon Valley Bancshares (a)	3,700	99	Cell Therapeutics, Inc. (a)	1,320	32
SL Green Realty Corp. (e)	3,400	104	Cephalon, Inc. (a)	1,000	76
Sovereign Bancorp, Inc.	49,900	611	Cerner Corp. (a)	2,800	140
Stancorp Financial Group, Inc.	2,300	109	Charles River Laboratories		
Staten Island Bancorp, Inc.	8,400	137	International, Inc. (a)	11,200	375
Sterling Bancorp	710	21	CIMA Labs, Inc. (a)	810	29
Sterling Bancshares, Inc.	2,760	35	Community Health Care (a)	5,510	141
Stewart Information Services Corp. (a)	1,900	38	Conmed Corp. (a)	2,500	50
SunGard Data Systems (a)	2,300	67	Cooper Companies, Inc.	5,410	270
SWS Group, Inc.	990	25	CorVel Corp. (a)	180	6
Taubman Centers, Inc. (e)	4,900	73	Covance, Inc. (a)	1,670	38
TCF Financial Corp.	2,100	101	Cross Country, Inc. New (a)	3,300	87
Texas Regional Bancshares, Inc. Class A	980	37	CV Therapeutics, Inc. (a)	1,300	68
Thornburg Mortgage Asset Corp.	10,900	214	Cytoc Corp. (a)	7,682	201
Triad Guaranty, Inc. (a)	4,290	155	Datascope Corp.	600	20
Trust Company of New Jersey	1,200	30	DaVita, Inc. (a)	10,900	267
TrustCo Bank Corp. NY	1,086	14	Diagnostic Products Corp.	2,160	95
U.S. Restaurant Properties, Inc.	1,300	19	DVI, Inc. (a)	2,400	41
UICI (a)	2,000	27	Eclipsys Corp. (a)	3,790	63
UNB Corp.	1,300	24	Edwards Lifesciences Corp. (a)	5,900	163
United Dominion Realty Trust, Inc. (e)	2,900	42	Endocare, Inc. (a)	6,548	117
Unitrin, Inc.	1,400	55	Enzo Biochem, Inc. (a)	445	10
Universal Health Realty Income Trust SBI	3,700	86	Enzon, Inc. (a)	3,300	186
Watson Wyatt & Co. Holdings (a)	6,300	136	Express Scripts, Inc. Class A (a)	6,010	281
Weingarten Realty Investors	1,500	71	First Health Group Corp. (a)	8,790	217
Westamerica Bancorporation	680	27	First Horizon Pharmaceutical Corp. (a)	2,385	70
Whitney Holding Corp.	4,300	188	Gene Logic, Inc. (a)	850	16
World Acceptance Corp. (a)	300	2	Genencor International, Inc. (a)	3,300	53
		<u>20,493</u>			

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Genzyme Corp. (a)	32	2	Quest Diagnostics, Inc. (a)	900	65
Health Management Associates			Quintiles Transnational Corp. (a)	1,500	24
Class A (a)	260	5	Renal Care Group, Inc. (a)	8,470	272
Health Net, Inc. (a)	20,600	449	ResMed, Inc. (a)	1,200	65
HealthExtras, Inc. (a)	1,000	6	Respironics, Inc. (a)	6,770	235
HEALTHSOUTH Corp. (a)	17,500	259	SangStat Medical Corp. (a)	10,800	212
Henry Schein, Inc. (a)	1,300	48	Serologicals Corp. (a)	1,700	37
Hooper Holmes, Inc.	420	4	SICOR, Inc. (a)	5,235	82
Humana, Inc. (a)	20,400	241	SpaceLabs, Inc. (a)	7,800	95
ICON plc - ADR (a)	3,300	98	Specialty Laboratories, Inc. New (a)	150	4
ICOS Corp. (a)	1,100	63	St. Jude Medical, Inc. (a)	70	5
ICU Medical, Inc. (a)	440	20	Stericycle, Inc. (a)	3,100	189
IDEXX Laboratories, Inc. (a)	4,200	120	Sunrise Assisted Living, Inc. (a)	200	6
Impath, Inc. (a)	510	23	Sybron Dental Specialties, Inc. (a)	2,066	45
InforMax, Inc. (a)	5,900	17	Syncor International Corp. (a)	2,700	77
Inhale Therapeutic Systems, Inc. (a)	7,010	130	Techne Corp. (a)	1,360	50
Integra LifeSciences Holdings (a)	2,070	55	Theragenics Corp. (a)	3,300	33
Invacare Corp.	1,300	44	Thoratec Laboratories Corp. (a)	8,400	143
Invitrogen Corp. (a)	4,960	307	Triad Hospitals, Inc. (a)	12,300	361
Kos Pharmaceuticals, Inc. (a)	1,700	59	Trigon Healthcare, Inc. (a)	1,800	125
Landauer, Inc.	400	14	Trimeris, Inc. (a)	370	17
LifePoint Hospitals, Inc. (a)	7,390	252	Universal Health Services, Inc.		
Lincare Holdings, Inc. (a)	11,400	327	Class B (a)	2,140	92
Manor Care, Inc. (a)	7,600	180	Varian Medical Systems, Inc. (a)	1,000	70
Maxygen Inc. (a)	230	4	Varian, Inc. (a)	2,810	90
Medicis Pharmaceutical Corp. Class A. (a)	8,900	575	Vertex Pharmaceuticals, Inc. (a)	2,400	58
Mentor Corp.	1,400	40	VISX, Inc. (a)	5,600	73
Merit Medical Systems, Inc. (a)	12,200	228	WebMD Corp. (a)	18,100	127
Mid Atlantic Medical Services, Inc. (a)	3,300	75			<u>14,742</u>
Mylan Laboratories, Inc.	160	6			
Myriad Genetics, Inc. (a)	400	21	Integrated Oils - 0.4%		
NDCHealth Corp.	2,660	92	Great Plains Energy, Inc.	8,200	207
Neurocrine Biosciences, Inc. (a)	4,600	236	Holly Corp.	3,100	60
Novavax, Inc.	4,000	56	Tesoro Petroleum Corp. (a)	10,100	132
Ocular Sciences, Inc. (a)	4,350	101			<u>399</u>
Omnicare, Inc.	18,440	459			
Orthodontic Centers of America, Inc. (a)	2,700	82	Materials and Processing - 5.5%		
Owens & Minor, Inc., Holding Co.	2,000	37	Apogee Enterprises, Inc.	2,900	46
Oxford Health Plans, Inc. (a)	3,600	109	Applied Films Corp. (a)	10,021	313
PacificCare Health Systems, Inc. (a)	11,800	189	AptarGroup, Inc.	6,100	214
Parexel International Corp. (a)	6,400	92	Ashland, Inc.	3,700	170
Patterson Dental Co. (a)	3,830	157	Barnes Group, Inc.	800	19
Pediatrix Medical Group (a)	200	7	Brady Corp. Class A	600	22
Perrigo Co. (a)	2,800	33	Brush Engineered Materials, Inc.	1,800	26
Pharmaceutical Product Development,			Calgon Carbon Corp.	21,100	176
Inc. (a)	14,873	481	Cambrex Corp.	2,300	100
Pharmaceutical Resources, Inc. (a)	2,800	95	Carpenter Technology Corp.	1,300	35
Pharmacopeia, Inc. (a)	4,100	57	Catellus Development Corp. (a)	2,000	37
Priority Healthcare Corp. Class B (a)	4,400	155	ChemFirst, Inc.	1,100	26
Province Healthcare Co. (a)	6,330	195	Chesapeake Corp.	800	22
PSS World Medical, Inc. (a)	5,400	44	CoorsTek, Inc. (a)	10,900	347

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Crown Cork & Seal Co., Inc. (a)	10,000	25	Miscellaneous - 0.2%		
Cytec Industries, Inc. (a)	4,000	108	GenCorp, Inc.	3,500	49
Dycom Industries, Inc. (a)	12,900	216	Hillenbrand Industries, Inc.	700	39
EMCOR Group, Inc. (a)	9,200	418	Kaman Corp. Class A	2,600	41
Engelhard Corp.	8,400	233	US Industries, Inc. (a)	14,500	37
Finish Line (The), Inc. Class A (a)	1,100	17	Walter Industries, Inc.	700	8
Freeport-McMoRan Copper & Gold, Inc.					174
Class B (a)	3,700	50			
Fuller (H.B.) Co.	1,800	52	Other Energy - 4.2%		
Greif Bros. Corp. Class A	2,200	72	Arch Coal, Inc.	11,700	266
Hexcel Corp. (a)	500	2	Atwood Oceanics, Inc. (a)	1,200	42
IMC Global, Inc.	4,700	61	Berry Petroleum Co. Class A	1,200	19
International Specialty Products, Inc. (a)	3,200	29	BJ Services Co. (a)	5,000	162
Ivex Packaging Corp. (a)	900	17	CARBO Ceramics, Inc.	1,900	74
LNR Property Corp.	2,600	81	Chesapeake Energy Corp. (a)	5,320	35
Longview Fibre Co.	1,700	20	Comstock Resources, Inc. (a)	3,600	25
Louisiana Pacific Corp.	20,700	175	CONSOL Energy, Inc.	2,900	72
Lubrizol Corp.	8,200	288	Cooper Cameron Corp. (a)	4,400	178
Lydall, Inc. (a)	2,000	20	Equitable Resources, Inc.	2,000	68
Martin Marietta Materials, Inc.	1,200	56	Evergreen Resources, Inc. (a)	1,500	58
Minerals Technologies, Inc.	900	42	FuelCell Energy, Inc. (a)	2,020	37
NCH Corp.	1,100	57	GlobalSantaFe Corp.	3,000	86
NL Industries, Inc.	4,200	64	GulfMark Offshore, Inc. (a)	6,220	176
P.H. Glatfelter Co.	17,900	279	Hanover Compressor Co. (a)	11,830	299
Packaging Corp. of America (a)	10,600	192	Houston Exploration Co. (The) (a)	310	10
Pactiv Corp. (a)	14,000	249	HydriL Co. New (a)	3,400	60
PolyOne Corp.	7,800	76	Input/Output, Inc. (a)	7,200	59
Potlatch Corp.	2,600	76	Key Energy Group, Inc. (a)	17,866	164
Precision Castparts Corp.	7,400	209	Key Production, Inc. (a)	2,600	44
Quanex Corp.	700	20	Lufkin Industries, Inc.	500	13
RTI International Metals (a)	4,200	42	National-Oilwell, Inc. (a)	1,900	39
Schulman (A.), Inc.	3,000	41	Oceaneering International, Inc. (a)	2,300	51
Scotts Co. (The) Class A (a)	2,850	136	Octel Corp. (a)	2,100	38
Sealed Air Corp. (a)	8,200	334	Parker Drilling Co. (a)	12,100	45
Shaw Group, Inc. (The) (a)	3,360	79	Patterson-UTI Energy, Inc. (a)	19,200	448
Silgan Holdings, Inc. (a)	7,500	195	Penn Virginia Corp.	150	5
Simpson Manufacturing Co., Inc. (a)	800	46	Plains Resources, Inc. (a)	650	16
Smurfit-Stone Container Corp. (a)	800	13	PNM Resources, Inc.	8,200	229
Standard Register Co.	3,000	56	Quicksilver Resources, Inc. (a)	450	9
Symyx Technologies, Inc. New (a)	360	8	Seitel, Inc. (a)	6,100	83
Temple-Inland, Inc.	1,000	57	Smith International, Inc. (a)	4,800	257
Titanium Metals Corp. (a)	6,000	24	Spinnaker Exploration Co. (a)	1,890	78
Unifi, Inc. (a)	2,100	15	Stone Energy Corp. (a)	880	35
Universal Forest Products, Inc.	2,700	57	Sunoco, Inc.	7,300	273
USEC, Inc.	14,600	104	Swift Energy Co. (a)	730	15
USG Corp.	5,000	29	TETRA Technologies, Inc. (a)	5,030	105
USX-U.S. Steel Group	6,100	110	Unit Corp. (a)	1,500	19
Valspar Corp.	490	19	Universal Compression		
Wausau-Mosinee Paper Corp.	2,500	30	Holdings, Inc. (a)	1,000	29
York International Corp.	1,100	42	Valero Energy Corp.	12,100	461
		6,194	Veritas DGC, Inc. (a)	14,770	273

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Vintage Petroleum, Inc.	8,336	120	Pulte Corp.	1,020	46
XTO Energy, Inc.	8,240	145	RF Micro Devices, Inc. (a)	5,040	97
		<u>4,720</u>	Robbins & Myers, Inc.	100	2
Producer Durables - 7.0%			Roper Industries, Inc.	2,600	129
Advanced Energy Industries, Inc. (a)	6,756	180	Rudolph Technologies, Inc. (a)	3,171	109
AGCO Corp.	7,000	110	Ryland Group, Inc. (The)	8,600	630
Allen Telecom, Inc. (a)	10,500	89	SBA Communications Corp. (a)	6,670	87
Alliant Techsystems, Inc. (a)	3,380	261	Somera Communications, Inc. (a)	4,600	35
AMETEK, Inc.	970	31	Spectralink Corp. (a)	6,523	112
Andrew Corp. (a)	800	18	Steelcase, Inc. Class A	2,800	41
Audiovox Corp. Class A (a)	3,400	25	Symmetricom, Inc. (a)	13,000	99
Axcelis Technologies, Inc. (a)	2,500	32	Teledyne Technologies, Inc. (a)	11,200	182
Beazer Homes USA, Inc. (a)	2,800	205	Teradyne, Inc. (a)	2,800	84
Briggs & Stratton Corp.	700	30	Therma-Wave, Inc. (a)	8,773	130
Brooks Automation, Inc. (a)	8,653	352	Toll Brothers, Inc. (a)	500	22
CIRCOR International, Inc.	1,100	20	Tollgrade Communications, Inc. (a)	3,500	116
CNH Global N.V.	7,800	48	TRC Companies, Inc. (a)	3,800	190
Cohu, Inc.	5,900	117	Triumph Group, Inc. (a)	600	20
Cymer, Inc. (a)	7,327	196	Veeco Instruments, Inc. (a)	5,239	188
D.R. Horton, Inc.	10,632	345	Woodward Governor Co.	600	35
Donaldson Co., Inc.	4,720	183			<u>7,807</u>
Engineered Support Systems, Inc.	3,500	120	Technology - 15.6%		
Esterline Corp. (a)	3,800	61	3Com Corp. (a)	39,200	250
FEI Co. (a)	3,777	119	Activision, Inc. (a)	900	23
FLIR Systems, Inc. (a)	570	22	Actuate Corp. (a)	1,730	9
General Cable Corp.	4,000	52	Axiom Corp. (a)	10,700	187
Genlyte Group, Inc. (The) (a)	900	27	Adaptec, Inc. (a)	8,700	126
Global Power Equipment Group (a)	2,600	39	Advanced Digital Information (a)	10,959	176
Hovnanian Enterprises, Inc. Class A (a)	3,100	66	Advanced Fibre Communications (a)	8,700	154
Itron, Inc. (a)	900	27	Advent Software, Inc. (a)	3,380	169
Kadant, Inc. (a)	300	4	Aeroflex, Inc. (a)	7,962	151
KB HOME	1,700	68	Affiliated Computer Services, Inc.		
Kulicke & Soffa Industries, Inc. (a)	10,200	175	Class A (a)	2,000	212
Lam Research Corp. (a)	3,400	79	Alliance Data Systems Corp. New (a)	7,900	151
Lennar Corp.	8,900	417	Alloy Online, Inc. (a)	2,600	56
LTX Corp. (a)	8,600	180	Alpha Industries, Inc. (a)	11,216	245
M.D.C. Holdings, Inc.	7,887	298	Altera Corp. (a)	6,600	140
Mettler-Toledo International, Inc. (a)	5,330	276	ANADIGICS, Inc. (a)	4,500	69
Millipore Corp.	2,300	140	Anaren Microwave, Inc. (a)	6,151	107
MKS Instruments, Inc. (a)	4,481	121	Anixter International, Inc. (a)	60	2
MTS Systems Corp.	400	4	ANSYS, Inc. (a)	3,300	81
Northrop Grumman Corp.	153	15	Apogent Technologies, Inc. (a)	2,290	59
Orbital Sciences Corp. Class A (a)	17,800	74	Arbitron, Inc. (a)	9,700	331
Pemstar, Inc. New (a)	12,020	144	Ariba, Inc. (a)	10,600	65
Photon Dynamics, Inc. (a)	2,427	111	Arris Group, Inc. (a)	9,100	89
Photronics, Inc. (a)	6,300	198	Arrow Electronics, Inc. (a)	6,100	182
Plantronics, Inc. (a)	4,670	120	Ascential Software Corp. (a)	4,700	19
Polycorn, Inc. (a)	2,300	79	AsiaInfo Holdings Inc. Co (a)	6,000	105
Power-One, Inc. (a)	13,800	144	ASM International NV (a)	5,100	100
Powerwave Technologies, Inc. (a)	1,810	31	Aspen Technology, Inc. (a)	7,276	122

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
ATI Technologies, Inc. (a)	6,800	86	IDX Systems Corp. (a)	2,000	26
Autodesk, Inc.	2,600	97	II-VI, Inc. (a)	7,279	125
Avant! Corp. (a)	4,500	92	Imation Corp. (a)	2,900	63
Avnet, Inc.	9,000	229	InFocus Corp. (a)	3,100	68
BEI Technologies, Inc.	10,400	181	Informatica Corp. (a)	17,800	258
Borland Software Corp. (a)	13,300	208	Ingram Micro, Inc. Class A (a)	8,200	142
Boston Communications Group, Inc. (a)	5,800	66	Inktomi Corp. (a)	5,500	37
Brocade Communications Systems, Inc. (a)	2,300	76	Integrated Circuit Systems, Inc. (a)	21,143	478
Business Objects SA - ADR (a)	2,000	68	International Rectifier Corp. (a)	1,866	65
CACI International, Inc. Class A (a)	7,120	281	Intersil Holding Corp. (a)	10,570	341
Caliper Technologies Corp. (a)	4,800	75	InterVoice, Inc. (a)	2,700	35
Catapult Communications Corp. (a)	630	16	Interwoven, Inc. (a)	15,200	148
Centillium Communications, Inc. (a)	3,800	30	Intrado, Inc. (a)	800	21
Checkpoint Systems, Inc. (a)	2,800	38	JDA Software Group, Inc. (a)	1,700	38
Cirrus Logic, Inc. (a)	4,300	57	Keithley Instruments, Inc.	2,500	42
Cognizant Technology Solutions Corp. (a)	870	36	Keynote Systems, Inc. (a)	5,100	48
Coherent, Inc. (a)	3,300	102	Kopin Corp. (a)	1,500	21
Computer Network Technology Corp. (a)	10,430	186	L-3 Communications Holdings, Inc. (a)	1,490	134
Concurrent Computer Corp. (a)	9,913	147	Lantronix, Inc. New (a)	5,500	35
Cree, Inc. (a)	3,980	117	Lawson Software, Inc. New	4,300	68
CSG Systems International, Inc. (a)	1,600	65	LeCroy Corp. (a)	1,700	31
Digex, Inc. (a)	20,700	62	Loral Space & Communications, Ltd. (a)	27,500	82
Documentum, Inc. (a)	4,900	106	Macromedia, Inc. (a)	1,060	19
DRS Technologies, Inc. (a)	10,890	388	Macrovision Corp. (a)	2,800	99
DSP Group, Inc. (a)	6,800	158	Manugistics Group, Inc. (a)	4,287	90
E.piphany, Inc. (a)	4,200	37	Maxtor Corp. (a)	21,300	135
EDO Corp.	450	12	McDATA Corp. (a)	2,600	65
Electronics for Imaging, Inc. (a)	2,900	65	McDATA Corp. Class A (a)	1,900	47
Entegris, Inc. New (a)	4,000	44	Mentor Graphics Corp. (a)	4,400	104
Enterasys Networks, Inc. (a)	2,300	20	Mercury Computer Systems, Inc. (a)	500	20
EPIQ Systems, Inc. (a)	2,935	57	Mercury Interactive Corp. (a)	1,800	61
ESCO Technologies, Inc. (a)	2,700	93	Methode Electronics, Inc. Class A	3,000	24
ESS Technology, Inc. (a)	7,100	151	Micro General Corp. (a)	1,900	26
Excel Technology, Inc. (a)	5,400	94	Microchip Technology, Inc. (a)	7,528	292
Extreme Networks, Inc. (a)	8,532	110	Microsemi Corp. (a)	7,354	218
Fairchild Semiconductor Corp.			MSC. Software Corp. (a)	1,000	16
Class A (a)	2,200	62	National Instruments Corp. (a)	4,200	157
FalconStor Software, Inc. (a)	2,300	21	NetIQ Corp. (a)	940	33
FileNet Corp. (a)	240	5	Network Associates, Inc. (a)	3,300	85
Finisar Corp. (a)	10,375	106	Optical Communication Products, Inc.		
Forrester Research, Inc. (a)	3,100	62	New (a)	26,700	105
Genesis Microchip, Inc. (a)	600	40	Optimal Robotics Corp. (a)	1,900	67
Gentner Communications Corp. (a)	2,000	33	Performance Technologies, Inc. (a)	1,300	17
Genuity, Inc. (a)	67,000	106	Perot Systems Corp. Class A (a)	3,200	65
Gerber Scientific, Inc.	2,700	25	Phoenix Technologies, Ltd. (a)	1,800	21
Harmonic Lightwaves, Inc. (a)	14,100	169	Pioneer-Standard Electronics, Inc.	3,300	42
Harris Corp.	9,460	289	Pixelworks, Inc. (a)	2,700	43
hi/fn, inc. (a)	1,186	17	Planar Systems, Inc. (a)	8,800	186
HNC Software, Inc. (a)	2,150	44	PLATO Learning, Inc. (a)	6,893	114
Hutchinson Technology, Inc. (a)	1,600	37	Plexus Corp. (a)	5,100	135
Hyperion Solutions Corp. (a)	8,000	159	PLX Technology, Inc. (a)	2,800	35

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Power Integrations, Inc. (a)	6,300	144	BroadWing, Inc. (a)	4,300	41
Precise Software Solutions, Ltd. (a)	2,700	56	Cascade Natural Gas Corp.	14,500	320
Quantum Corp. - DLT & Storage Systems (a)	21,900	216	Centennial Cellular Corp. Class A (a)	1,700	17
Register.com, Inc. (a)	13,200	152	Central Vermont Public Service Corp.	900	15
Reynolds & Reynolds Co. Class A	9,300	226	CenturyTel, Inc.	1,800	59
Riverstone Networks, Inc. New (a)	14,760	245	CH Energy Group, Inc.	1,900	83
SBS Technologies, Inc. (a)	2,600	38	Citizens Communications Co. (a)	3,400	36
ScanSource, Inc. (a)	600	29	Commonwealth Telephone Enterprises, Inc. (a)	5,130	233
SeaChange International, Inc. (a)	2,000	68	Conectiv, Inc.	6,100	149
Secure Computing Corp. (a)	14,442	297	Constellation Energy Group	2,200	58
Semtech Corp. (a)	2,390	85	Dominion Resources, Inc.	129	8
SERENA Software, Inc. (a)	1,000	22	El Paso Electric Co. (a)	11,900	173
Silicon Graphics, Inc. (a)	22,800	48	General Communication, Inc. Class A (a)	5,900	50
Silicon Laboratories, Inc. (a)	3,500	118	Golden Telecom, Inc. (a)	1,100	13
Silicon Storage Technology, Inc. (a)	12,400	120	Hawaiian Electric Industries, Inc.	5,600	226
SmartForce PLC - ADR (a)	2,500	62	Hickory Tech Corp.	1,300	22
SonicWALL, Inc. (a)	6,945	135	Idacorp, Inc.	9,300	378
Standard Microsystems Corp. (a)	3,100	48	IDT Corp. (a)	8,500	166
Stellent, Inc. (a)	4,564	135	Leap Wireless International, Inc. (a)	2,600	55
Storage Technology Corp. (a)	18,700	387	Madison Gas & Electric Co.	1,100	29
StorageNetworks, Inc. (a)	4,300	27	Mediacom Communications Corp. Class A (a)	6,400	117
Supertex, Inc. (a)	1,200	21	Metro One Telecommunications, Inc. (a)	1,550	47
Sycamore Networks, Inc. (a)	20,000	107	Middlesex Water Co.	400	14
Sykes Enterprises, Inc. (a)	4,000	37	New Jersey Resources Corp.	2,000	94
Symbol Technologies, Inc.	1,500	24	Nextel Partners, Inc. (a)	2,900	35
Synopsys, Inc. (a)	600	35	NICOR, Inc.	700	29
TALX Corp.	1,000	25	North Pittsburgh Systems, Inc.	1,900	35
Three-Five Systems, Inc. (a)	5,500	88	Northwestern Corp.	1,500	32
Titan Corp. (a)	1,850	46	NSTAR	400	18
Transaction Systems Architects, Inc. Class A (a)	2,200	27	RCN Corp. (a)	5,500	16
Trikon Technologies, Inc. (a)	2,200	26	Telephone & Data Systems, Inc.	1,800	162
TriQuint Semiconductor, Inc. (a)	3,800	47	UGI Corp.	3,600	109
Unisys Corp. (a)	11,600	145	US Unwired, Inc. Class A (a)	9,300	94
UNOVA, Inc. (a)	15,300	89	Western Resources, Inc.	12,600	216
UTStarcom, Inc. (a)	14,031	400	Wisconsin Energy Corp.	2,000	44
Vignette Corp. (a)	40,900	220			<u>3,974</u>
Virage Logic Corp. New (a)	4,200	81			
Vishay Intertechnology, Inc. (a)	10,500	205	Total Common Stocks		
Vitesse Semiconductor Corp. (a)	7,100	88	(cost \$91,726)		<u>102,653</u>
WebSense, Inc. (a)	3,300	106			
Xicor, Inc. (a)	7,600	83			
Zoran Corp. (a)	3,227	104			
		<u>17,494</u>			
Utilities - 3.6%					
AGL Resources, Inc.	6,500	150			
Alliant Energy Corp.	8,200	249			
Avista Corp.	16,100	213			
Black Hills Corp.	5,000	169			

Aggressive Equity Fund

Statement of Net Assets, continued

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$	Futures Contracts	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000)
Short-Term Investments - 8.5%					
Frank Russell Investment Company			Russell 2000® Index		
Money Market Fund (f)	8,453	8,453	expiration date 03/02	6,116	\$ 177
United States Treasury Bills			S&P 500 Index		
1.65% due 03/21/02 (b)(c)(d)	1,000	<u>996</u>	expiration date 03/02	2,873	<u>26</u>
Total Short-Term Investments			Total Unrealized Appreciation		
(cost \$9,449)		<u>9,449</u>	(Depreciation) on Open Futures		
			Contracts Purchased		<u>\$ 203</u>
Total Investments - 100.4%					
(identified cost \$101,175)		112,102			
Other Assets and Liabilities,					
Net - (0.4%)		<u>(409)</u>			
Net Assets - 100.0%		<u><u>111,693</u></u>			

- (a) Nonincome-producing security.
- (b) At amortized cost, which approximates market.
- (c) Held as collateral in connection with futures contracts purchased by the Fund.
- (d) Rate noted is yield-to-maturity from date of acquisition.
- (e) Real Estate Investment Trust (REIT).
- (f) At net asset value.

Abbreviations:

ADR - American Depositary Receipt

See accompanying notes which are an integral part of the financial statements.

Aggressive Equity Fund

Statement of Assets and Liabilities

Amounts in thousands (except per share amounts)

December 31, 2001

Assets

Investments at market (including securities on loan of \$882), (identified cost \$101,175)	\$	112,102
Receivables:		
Dividends		158
Investments sold		362
Fund shares sold		107
Investment of securities lending collateral in money market funds, at cost and market value		906
		<hr/>
Total assets		113,635

Liabilities

Payables:

Investments purchased	\$	792
Fund shares redeemed		42
Accrued fees to affiliates		62
Other accrued expenses		56
Daily variation margin on futures contracts		84
Payable upon return of securities loaned		906
		<hr/>
Total liabilities		1,942

Net Assets	\$	<u>111,693</u>
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Net Assets Consist of:

Accumulated net realized gain (loss)	\$	(16,035)
Unrealized appreciation (depreciation) on:		
Investments		10,927
Futures contracts		203
Shares of beneficial interest		98
Additional paid-in capital		116,500
		<hr/>

Net Assets	\$	<u>111,693</u>
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Net Asset Value, offering and redemption price per share:

(\$111,692,806 divided by 9,767,589 shares of \$.01 par value shares of beneficial interest outstanding)	\$	<u>11.44</u>
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See accompanying notes which are an integral part of the financial statements.

Aggressive Equity Fund

Statement of Operations

Amounts in thousands

Year Ended December 31, 2001

Investment Income

Dividends	\$	1,056
Dividends from Money Market Fund		208
Interest		31
Securities Lending Income		<u>9</u>
Total investment income		1,304

Expenses

Management fees	\$	975
Custodian fees		314
Transfer agent fees		8
Professional fees		40
Trustees' fees		17
Amortization of deferred organization expenses		1
Miscellaneous		<u>69</u>
Expenses before reductions		1,424
Expense reductions		<u>(134)</u>
Expenses, net		<u>1,290</u>

Net investment income		<u>14</u>
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Net Realized and Unrealized Gain (Loss)

Net realized gain (loss) on:

Investments	(6,984)	
Futures contracts	<u>(371)</u>	(7,355)

Net change in unrealized appreciation (depreciation) on:

Investments	4,927	
Futures contracts	<u>20</u>	4,947

Net realized and unrealized gain (loss)		<u>(2,408)</u>
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Net increase (decrease) in net assets from operations	\$	<u><u>(2,394)</u></u>
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See accompanying notes which are an integral part of the financial statements.

Aggressive Equity Fund

Statement of Changes in Net Assets

Amounts in thousands

Years Ended December 31,

	2001	2000
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 14	\$ 283
Net realized gain (loss)	(7,355)	1,683
Net change in unrealized appreciation (depreciation)	4,947	(2,747)
Net increase (decrease) in net assets from operations	(2,394)	(781)
Distributions		
From net investment income	(14)	(395)
From net realized gain	—	(11,908)
Tax return of capital	(100)	—
Net decrease in net assets from distributions	(114)	(12,303)
Share Transactions		
Net increase (decrease) in net assets from share transactions	7,536	20,599
Total net increase (decrease) in net assets	5,028	7,515
Net Assets		
Beginning of period	106,665	99,150
End of period	<u>\$ 111,693</u>	<u>\$ 106,665</u>

See accompanying notes which are an integral part of the financial statements.

Aggressive Equity Fund

Financial Highlights

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements.

	Years Ended December 31,				
	2001	2000	1999	1998	1997*
Net Asset Value, Beginning of Period	\$ 11.73	\$ 13.36	\$ 12.70	\$ 13.45	\$ 10.00
Income From Operations					
Net investment income (a)**	—	.04	.05	.02	.04
Net realized and unrealized gain (loss)	(.28)	(.16)	.71	.13	3.45
Total income from operations	(.28)	(.12)	.76	.15	3.49
Distributions					
From net investment income	—	(.05)	(.04)	(.02)	(.04)
From net realized gain	—	(1.46)	(.06)	(.88)	—
Tax return of capital	(.01)	—	—	—	—
Total distributions	(.01)	(1.51)	(.10)	(.90)	(.04)
Net Asset Value, End of Period	\$ 11.44	\$ 11.73	\$ 13.36	\$ 12.70	\$ 13.45
Total Return (%) (b)	(2.36)	(.66)	6.08	1.02	35.07
Ratios/Supplemental Data:					
Net Assets, end of period (in thousands)	111,693	106,665	99,150	24,607	15,372
Ratios to average net assets (%) (c):					
Operating expenses, net.	1.25	1.25	1.25	1.25	1.25
Operating expenses, gross	1.38	1.28	1.34	1.67	2.22
Net investment income .....	.01	.27	.37	.19	.39
Portfolio turnover rate (%)	180.38	203.48	111.46	79.88	91.56

* For the period January 2, 1997 (commencement of operations) to December 31, 1997.

** Less than \$.01 per share for the period ended December 31, 2001.

(a) For the periods subsequent to December 31, 1997, average month-end shares outstanding were used for this calculation.

(b) Periods less than one year are not annualized.

(c) The ratios for periods less than one year are annualized.

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Non-U.S. Fund

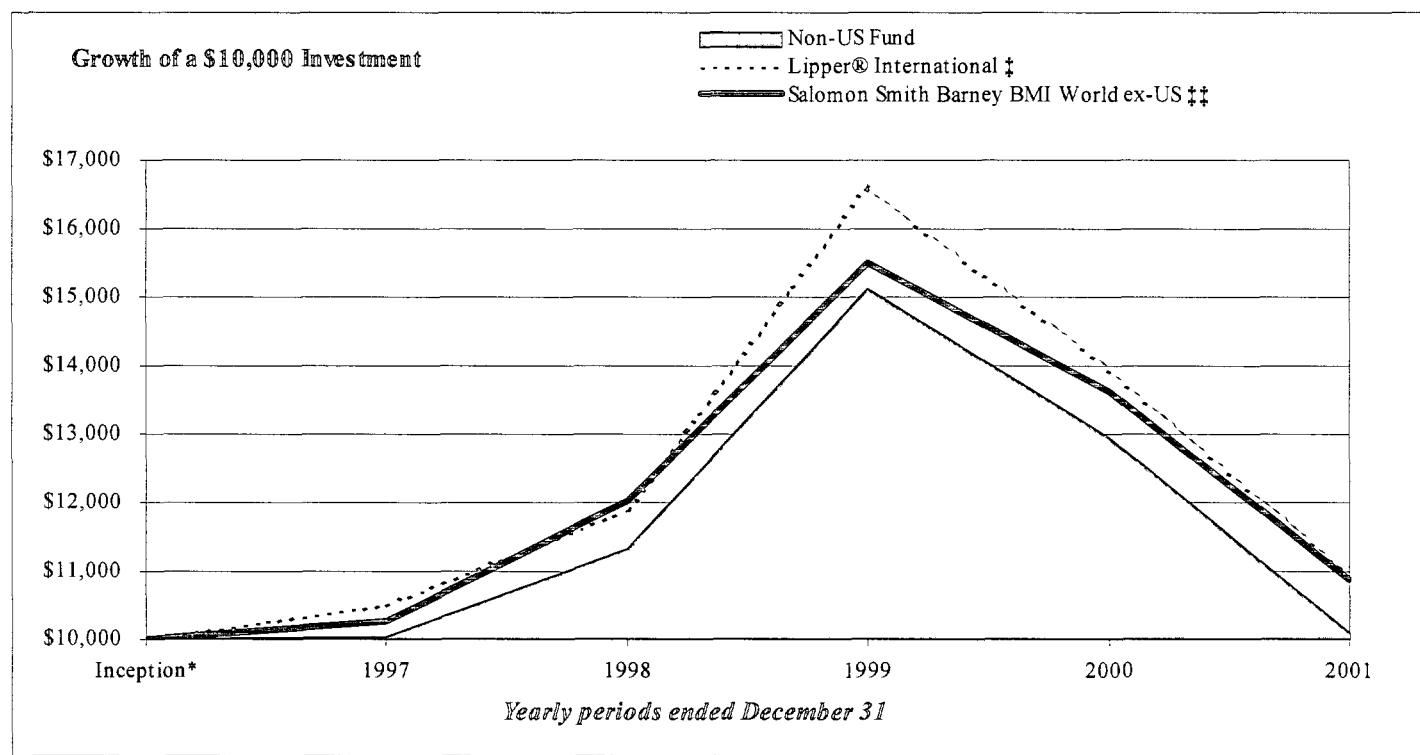
Portfolio Management Discussion

December 31, 2001 (Unaudited)

Objective: To provide favorable total return and additional diversification for US investors by investing primarily in equity and fixed-income securities of non-US companies, and securities issued by non-US governments.

Invests in: Primarily the equity securities of non-US companies in developed foreign markets.

Strategy: The Fund uses a multi-manager strategy intended to achieve higher returns with moderate risk by employing the investment management services of four managers with three separate and distinct investment approaches. The Fund's primary source of added value is intended to be stock selection with only moderate country allocations relative to the index to capture the diversification benefits of international investment in an asset allocation context.



Non-U.S. Fund		
Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 7,797	(22.03)%
Inception	\$ 10,080	0.16%§

Salomon Smith Barney Broad Market Index (BMI)		
Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 7,992	(20.08)%
Inception	\$ 10,887	1.71%§

Lipper® International Funds Benchmark		
Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 7,833	(21.67)%
Inception	\$ 10,923	

Non-U.S. Fund

Portfolio Management Discussion

December 31, 2001 (Unaudited)

Performance Review

For the year ended December 31, 2001, the Non-U.S. Fund posted a loss of 22.03% as compared to the Salomon Smith Barney Broad Market Index (BMI) ex-US, which lost 20.08%. The benchmark-relative underperformance for the year was due in large part to the Fund's light exposure to the strong South Korean market, as well as a slight overweight to Japan.

Portfolio Highlights

Similar to the US equity markets, value outperformed growth over the year in international markets. As proxies for growth and value, the MSCI EAFE Value Index fell 18.2%, while the MSCI EAFE Growth Index fell 24.4%.

International markets were broadly down during the first quarter of 2001. Among the BMI ex-US' constituent countries only New Zealand and Austria, accounting for only a small percentage of the index's market capitalization, managed to post a gain. Especially hard hit were those markets with the strongest ties to technology companies. However, Switzerland, typically a haven for defensive investors as the home of several large pharmaceutical and consumer staples companies, led the markets on the downside.

International markets were generally positive over the second quarter of 2001, despite many unfavorable economic trends. Returns were diminished, however, as a result of translation back into a strong US currency. Markets heavy in resource related stocks benefited from hopes that the slowing of the world's economies was near an end. Among the major markets, Japan held up the best with a gain of 2.3% for this quarter.

Markets sold off steeply in the third quarter of 2001. While a steep decline followed the terrorist attacks on the US, much of the lost ground was regained in the ensuing rebounds of world markets. The majority of the losses, however, occurred in the weeks preceding the attacks when signs of deteriorating consumer confidence, rising unemployment, and slowing economic growth weighed on investor's minds.

International markets returned to positive ground during the fourth quarter as investors began to anticipate that the end of the economic recession was near. As in the US equity markets, growth outperformed value, and small cap outperformed large cap issues. Technology heavy markets such as Sweden and Finland turned in the best performance over the course of the

quarter, as the sector rebounded from the declines suffered during the previous three quarters.

For the second consecutive year, poor international stock returns throughout the year were depressed further by the dollar's strength. The US dollar was again the world's strongest major currency. The US dollar climbed by 2.6% against the British pound, 5.6% against the euro, and 13.1% against the Japanese yen.

Top Ten Equity Holdings (as a percent of Total Investments)

December 31, 2001

Vodafone Group PLC (United Kingdom)	1.89%
Rhone-Poulenc SA Class A - ADR (France)	1.39
Barclays PLC (United Kingdom)	1.23
TotalFinaElf SA Class B (France)	1.11
GlaxoSmithKline PLC (United Kingdom)	1.08
ENI SPA (Italy)	1.04
BP Amoco PLC (United Kingdom)	1.03
Nokia Oyj (Finland)	1.00
Roche Holding AG (Switzerland)	0.94
Canon, Inc. (Japan)	0.93

Portfolio Characteristics

**September 30, 2001

Current P/E Ratio	14.30x
Portfolio Price/Book Ratio	1.86x
Market Capitalization - \$-Weighted Average	33.6 Bil
Number of Holdings	515

Money Managers

Styles

Fidelity Management & Research Co.	Growth
J.P. Morgan Investment Management, Inc.	Market-Oriented
Oechsle International Advisors, LLC	Growth
The Boston Company Asset Management, LLC	Value

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** As of the date of publishing, the portfolio characteristics as of December 31, 2001 were not available.

† Lipper® International Funds Benchmark is the average total return for the universe of funds within the International Funds investment objective. The total return for the funds reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

‡ Salomon Smith Barney BMI Index ex-US is a comprehensive float-weighted equity index consisting of every company with an investable market capitalization of over \$100 million in 22 countries. This Index has broader representation than the MSCI EAFE Index.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Non-U.S. Fund

Statement of Net Assets

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks - 89.9%					
Australia - 2.6%					
AMP, Ltd.	19,555	185	Alimentation Couche-Tard, Inc. Series B	200	3
Austereo Group, Ltd.	10,800	12	ATI Technologies, Inc. (a)	1,470	18
Australia & New Zealand Bank Group, Ltd.	10,600	97	Bank of Montreal	2,460	55
Australian Gas & Light Co.	5,500	26	Bank of Nova Scotia	3,590	110
Australian Stock Exchange, Ltd.	1,600	9	Barrick Gold Corp.	2,980	48
Billabong International, Ltd.	4,200	18	BCE, Inc.	9,201	208
Brambles Industries, Ltd.	14,858	79	Biovail Corp. (a)	1,710	96
Broken Hill Proprietary Co.	112,427	604	Bombardier, Inc. Class B	15,480	160
Coca Cola Amatil, Ltd.	10,746	33	Brascan Corp.	1,010	18
Coles Myer, Ltd.	5,900	25	Canada Life Financial Corp.	1,560	43
Commonwealth Bank of Australia	14,500	222	Canadian Imperial Bank of Commerce	2,420	83
CSR, Ltd.	22,165	77	Canadian National Railway Co.	860	41
Fairfax (John) Holdings, Ltd.	4,900	10	Canadian Natural Resources, Ltd.	730	18
Foster's Brewing Group, Ltd.	28,890	72	Celestica, Inc. (a)	8,311	335
Harvey Norman Holdings, Ltd.	8,400	18	CGI Group, Inc. Class A (a)	4,320	33
Leighton Holdings, Ltd. Class A	4,600	24	Clarica Life Insurance Co.	1,740	57
Lend Lease Corp.	1,700	11	Cognos, Inc. (a)	100	3
Lion Nathan, Ltd.	45,000	106	Cott Corp. (a)	680	11
Mayne Nickless, Ltd.	5,400	19	CP Railway, Ltd. (a)	3,180	64
National Australia Bank, Ltd.	64,375	1,050	CP Ships, Ltd. (a)	700	8
News Corp., Ltd.	20,916	167	Enbridge, Inc.	980	27
Perpetual Trustees Australia, Ltd.	500	11	Fairmont Hotels & Resorts, Inc. (a)	1,220	29
Publishing Broadcasting, Ltd.	2,000	10	Fording, Inc. (a)	464	8
Qantas Airways, Ltd.	8,600	16	Geac Computer Corp., Ltd. (a)	7,190	33
QBE Insurance Group, Ltd.	5,100	20	George Weston, Ltd.	2,370	154
Rio Tinto, Ltd.	2,500	48	Imperial Oil, Ltd.	4,410	123
Santos, Ltd.	160,400	509	Kingsway Financial Services (a)	3,090	38
Suncorp-Metway, Ltd.	4,800	34	Loblaw Cos., Ltd.	950	31
Tabcorp. Holdings, Ltd.	6,200	31	Magna International, Inc. Class A	2,760	175
Telstra Corp., Ltd.	58,462	163	Manulife Financial Corp.	2,841	74
Wesfarmers, Ltd.	3,000	48	Molson Cos., Ltd. Class A	3,690	65
Westfield Holdings, Ltd.	4,200	36	Nexen, Inc.	430	8
Westpac Banking Corp.	13,200	106	Noranda, Inc.	1,730	16
WMC, Ltd.	9,613	47	Nortel Networks Corp.	15,330	115
		<u>3,943</u>	PanCanadian Energy Corp. (a)	3,575	93
Belgium - 1.1%					
Delhaize Le Lion SA	1,194	62	Petro-Canada	4,280	106
Dexia (a)	40,010	576	Placer Dome, Inc.	3,820	42
Fortis	32,020	829	Power Corp. of Canada	1,670	41
Interbrew	5,555	152	Premdor, Inc. (a)	960	12
Solvay SA	300	19	QLT PhotoTherapeutics, Inc. (a)	290	7
		<u>1,638</u>	Rio Alto Exploration, Ltd. (a)	3,460	41
Canada - 2.6%					
Alberta Energy Co., Ltd.	2,560	97	Rogers Communications, Inc. Class B (a)	1,900	32
Alcan Aluminum, Ltd.	4,440	159	Royal Bank of Canada	12,850	418
			Shaw Communications, Inc. Class B	1,180	25
			SNC-Lavalin Group, Inc.	1,530	28
			Sobeys, Inc.	800	16
			Sun Life Financial Services, Inc.	2,320	49
			Suncor, Inc.	1,960	65
			Talisman Energy, Inc.	1,170	44

Non-U.S. Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Thomson Corp. (The)	6,380	194	Societe Generale Series A	8,287	464
TransAlta Corp.	7,200	98	Suez SA (a)	20,294	614
TransCanada Pipelines, Ltd.	4,440	55	TotalFinaElf SA - ADR	10,816	760
Westcoast Energy, Inc.	830	23	TotalFinaElf SA Class B	12,006	1,714
WestJet Airlines, Ltd. (a)	850	14	Usinor SA	33,640	421
		<u>3,967</u>	Valeo SA	8,558	341
			Vivendi Environment	6,320	211
			Vivendi Environment		
Denmark - 0.5%			2006 Warrants	6,320	3
Danske Bank AS	6,400	103	Vivendi Universal SA	19,349	1,059
ISS AS (a)	7,800	384			<u>15,359</u>
Novo Nordisk AS Series B (a)	7,779	318			
		<u>805</u>			
			Germany - 6.8%		
Finland - 1.9%			Allianz AG (Regd)	3,627	859
Fortum Oyj	4,000	17	Altana AG	1,500	75
Kesko Oyj	24,648	226	BASF AG	1,915	71
Nokia Oyj	60,256	1,553	Bayer AG	33,792	1,077
Sampo Insurance Co., Ltd. Series A	67,950	532	Bayerische Hypo - und Vereinsbank AG	11,856	362
Sonera Group Oyj	12,600	64	Beiersdorf AG	700	79
Stora Enso Oyj Series R	11,006	141	Commerzbank AG	38,420	597
UPM-Kymmene Oyj	13,044	433	DaimlerChrysler AG	1,600	69
		<u>2,966</u>	Deutsche Bank AG	7,800	551
			Deutsche Lufthansa AG	20,113	266
			Deutsche Post AG	38,190	510
France - 9.9%			Deutsche Telekom AG	19,788	340
Alstom	10,623	118	E.ON AG	24,496	1,269
Assurances Generales de France	7,674	368	Infineon Technologies AG	25,834	528
Atos Origin (a)	675	44	Karstadt AG	600	24
AXA (a)	9,553	200	Marschollek, Lautenschlaeger and		
Banque Nationale Paris	15,122	1,353	Partner AG	700	51
Cap Gemini Sogeti	2,000	144	Metallgesellschaft AG	11,140	93
Carrefour SA	17,695	920	Muenchener Rueckversicherungs-		
Castorama Dubois Investissement SA (a)	2,600	134	Gesellschaft AG	2,290	622
Compagnie de Saint Gobain	2,677	404	SAP AG	5,412	705
Credit Lyonnais	6,300	210	Schering AG	11,649	618
European Aeronautic Defence and			Siemens AG	14,829	981
Space Co.	30,349	368	Thyssen Krupp AG	26,753	390
Groupe Air France	17,784	260	Volkswagen AG	9,260	432
Groupe Danone	505	62			<u>10,569</u>
L'Air Liquide SA	730	102			
L'Oreal SA	1,642	118	Greece - 0.3%		
Lafarge SA	2,177	203	Hellenic Telecommunication		
Lagardere SCA	2,256	94	Organization SA - ADR	67,305	513
Michelin (Cie Gen) Class B	14,723	486			
Orange SA (a)	6,621	60			
Pechiney International Class A	3,274	169	Hong Kong - 1.9%		
Pernod-Ricard	2,222	172	Asia Satellite Telecommunications		
Pinault-Printemps-Redoute SA	1,055	136	Holdings, Ltd.	5,000	8
Renault (Regie Nationale)	3,646	129	Cathay Pacific Airways	10,000	13
Rhone-Poulenc SA Class A - ADR	30,387	2,157	Cheung Kong Holdings, Ltd.	12,598	131
Sanofi-Synthelabo SA	12,079	901	China Mobile (Hong Kong), Ltd. (a)	14,000	49
Schneider Electric SA	9,573	460	CLP Holdings, Ltd.	10,700	41

Non-U.S. Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
CNOOC, Ltd.	17,000	16	Asahi Breweries, Ltd.	20,000	180
Dairy Farm International Holdings, Ltd. (a)	18,000	12	Asahi Kasei Corp.	27,000	95
Esprit Holdings, Ltd.	16,000	18	Bank of Fukuoka, Ltd. (The)	12,000	41
Hang Seng Bank	15,500	170	Bank of Yokohama, Ltd.	16,000	56
Henderson Land Development Co., Ltd.	6,000	27	Bridgestone Tire Corp.	65,000	688
Hong Kong & China Gas Co., Ltd.	27,000	33	Canon, Inc.	42,000	1,446
Hong Kong Electric Holding, Ltd.	29,500	110	Central Glass Co., Ltd.	14,000	75
Hong Kong Exchanges & Clearing Ltd.	174,000	264	Chugai Pharmaceutical Co., Ltd.	8,000	93
Hutchison Whampoa, Ltd.	77,792	753	Citizen Watch Co., Ltd.	6,000	30
JCG Holdings, Ltd.	26,000	16	Credit Saison Co.	41,700	812
Li & Fung, Ltd.	12,000	13	CSK Corp., Ltd.	4,900	115
Pacific Century CyberWorks, Ltd. (a)	62,000	17	Dai Ichi Pharmaceutical Co.	5,000	97
Sun Hung Kai Properties, Ltd.	97,000	785	Dai Nippon Printing, Ltd.	5,000	50
Swire Pacific, Ltd. Class A	74,500	406	Dainippon Pharmaceutical Co., Ltd.	3,000	30
Television Broadcast	10,000	43	Daiwa Securities Group, Inc.	21,000	110
Wharf Holdings	29,000	71	DDI Corp.	5	9
Wing Hang Bank, Ltd.	2,000	6	Dowa Mining Co.	15,000	53
		<u>3,002</u>	East Japan Railway Co.	24	116
			Fanuc Co.	600	26
Ireland - 0.8%			Fuji Machine Manufacturing Co.	16,000	209
Bank of Ireland (a)	110,288	1,044	Fuji Photo Film Co.	8,000	286
CRH PLC	13,200	232	Fuji Television Network, Inc.	4	16
		<u>1,276</u>	Fujisawa Pharmaceutical Co., Ltd.	2,000	46
			Fujitsu, Ltd.	20,000	146
Italy - 4.3%			Funai Electric Co., Ltd.	1,000	74
Assicurazioni Generali SPA	8,000	222	Gunze, Ltd.	9,000	33
Autostrade SPA	15,025	104	Heiwa Corp.	3,300	48
Banca Nazionale del Lavoro	86,400	175	Hino Motors, Ltd. (a)	16,000	53
Banca Popolare di Bergamo CV	24,092	386	Hitachi Chemical Co., Ltd.	9,900	93
Banca Popolare di Verona	13,200	129	Honda Motor Co., Ltd.	18,600	743
Bulgari SPA	15,400	120	Hosiden Electronics	3,000	53
ENI SPA (a)	128,128	1,606	Hoya Corp.	2,100	126
Fiat SPA	19,357	310	Ines Corp.	3,700	26
Finmeccanica SPA (a)	656,140	567	Ishikawajima-Harima Heavy		
Italgas SPA	18,300	172	Industries Co., Ltd.	46,000	72
Luxottica Group SPA	8,700	143	Ito Yokado Co., Ltd.	5,000	226
Mediaset SPA	62,993	460	Itochu Corp.	76,000	172
San Paolo - IMI SPA	31,065	333	JAFCO Co., Ltd.	800	48
Telecom Italia Mobile SPA	59,192	330	Japan Real Estate Investment Corp. (a)(b)	6	24
Telecom Italia SPA	19,191	164	Japan Synthetic Rubber	9,000	60
Telecom Italia SPA RNC	227,762	1,217	JGC Corp.	10,000	74
Unicredito Italiano SPA	57,397	230	Kao Corp.	19,000	395
		<u>6,668</u>	Kashiyama Onward	3,000	29
			Kawasaki Steel Corp.	97,000	98
Japan - 18.6%			Keyence Corp.	500	83
77th Bank, Ltd. (The)	80,000	354	Kobayashi Pharmaceutical Co., Ltd.	800	28
ADERANS Co., Ltd.	800	24	Konami Co., Ltd.	13,900	413
Advantest Corp.	1,000	57	Konica Corp.	15,000	88
Aiful Corp.	7,250	469	Kubota Corp.	20,000	53
Alps Electric Co.	5,000	34	Kuraray Co., Ltd.	11,000	70
Aoyama Trading Co.	3,500	33	Kyocera Corp.	6,500	424

Non-U.S. Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Lawson, Inc. (a)	11,600	332	Sankyo Co., Ltd.	11,000	188
Mabuchi Motor Co., Ltd.	7,000	577	Sankyo Co., Ltd. GUNMA	1,000	30
MACNICA, Inc.	1,000	37	Seino Transportation Co., Ltd.	8,000	32
Marui Co., Ltd.	5,000	59	Sharp Corp.	37,000	433
Matsumotokiyoshi Co., Ltd.	13,400	474	Shimachu Co., Ltd.	3,800	52
Matsushita Electric Industrial Co., Ltd.	39,000	501	Shin-Etsu Chemical Co., Ltd.	28,700	1,032
Minebea Co., Ltd.	80,000	431	Shohkoh Fund & Co., Ltd.	3,360	267
Mitsubishi Chemical	65,000	138	Skylark Co.	2,000	34
Mitsubishi Corp.	22,000	143	SMC Corp.	1,000	102
Mitsubishi Electric Corp.	31,000	120	Sony Corp.	10,400	476
Mitsubishi Estate Co., Ltd.	10,000	73	Stanley Electric Co., Ltd.	11,000	84
Mitsubishi Heavy Industries	17,000	45	Sumisho Lease Co., Ltd.	3,000	42
Mitsubishi Tokyo Financial Group, Inc. (a)	40	268	Sumitomo Bakelite Co., Ltd.	50,000	306
Mitsui & Co., Ltd.	22,000	109	Sumitomo Mitsui Banking Corp.	45,000	191
Mitsui Mining & Smelting Co., Ltd.	20,000	66	Sumitomo Trust & Banking Co., Ltd.	22,000	89
Mitsui O.S.K. Lines, Ltd.	31,000	62	Suruga Bank, Ltd.	10,000	47
Mitsui Soko Co.	8,000	16	Takeda Chemical Industries, Ltd.	23,000	1,041
Mitsumi Electric Co., Ltd.	5,000	57	Takefuji Corp.	630	46
Mizuho Holdings, Inc.	80	163	Tanabe Seiyaku Co.	6,000	53
Murata Manufacturing Co., Ltd.	5,500	330	TDK Corp.	6,400	302
Namco, Ltd. (a)	3,600	69	Teijin, Ltd.	7,000	27
NEC Corp.	23,000	235	Terumo Corp.	7,700	100
NGK Insulators, Ltd.	7,000	52	THK Co., Ltd.	4,200	61
Nichicon Corp.	5,200	57	Toda Corp.	35,000	96
NIDEC Corp.	1,000	53	Tohoku Electric Power Co.	3,800	52
Nikko Securities Co., Ltd.	18,000	80	Tokio Marine & Fire Insurance Co.	15,000	110
Nintendo Co., Ltd.	2,300	403	Tokuyama Corp.	14,000	40
Nippon Comsys Corp.	1,000	5	Tokyo Electric Power Co.	13,600	290
Nippon Express Co., Ltd.	163,000	554	Tokyo Electron, Ltd.	8,000	393
Nippon Foundry, Inc. (a)	6	55	Tokyo Gas Co.	35,000	94
Nippon Meat Packers, Inc.	10,000	106	Tokyo Seimitsu Co., Ltd.	200	7
Nippon Telegraph & Telephone Corp.	11	36	Tostem Corp.	8,000	108
Nippon Unipac Holding	11	49	Toyoda Gosei Co., Ltd.	4,300	53
Nippon Yusen Kabushiki Kaisha	29,000	87	Toyota Motor Corp.	30,100	763
Nishimatsu Construction Co., Ltd.	71,000	210	UBE Industries, Ltd.	32,000	32
Nissan Chemical Industries, Ltd.	8,000	42	Uni-Charm Corp.	4,200	88
Nissan Motor Co., Ltd.	272,000	1,443	Wacoal Corp.	3,000	24
Nitto Denko Corp.	1,300	30	West Japan Railway Co.	23	103
NOK Corp.	9,000	39	World Co., Ltd.	1,500	45
Nomura Securities Co., Ltd.	51,000	654	Yakult Honsha Co., Ltd.	7,000	52
NTT Mobile Communication Network, Inc.	64	752	Yamaha Motor Co.	42,700	260
Office Building Fund of Japan, Inc. (a)(b)	6	23	Yamanouchi Pharmaceutical Co., Ltd.	10,000	263
Oki Electric Industries	11,000	36	Yamato Transport Co., Ltd.	4,000	74
Omron Corp.	4,000	53	Yokogawa Electric Co.	11,000	88
Orix Corp.	4,200	376	Yoshitomi Pharmaceutical Ind., Ltd.	3,000	34
Osaka Gas Co.	11,000	26			28,622
Promise Co., Ltd.	500	27			
Ricoh Co., Ltd.	18,000	335	Netherlands - 6.0%		
Rinnai Corp.	27,100	436	ABN Amro Holding	49,154	792
Rohm Co.	6,100	792	AKZO Nobel	7,413	331
			Buhrmann	28,561	313

Non-U.S. Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Euronext New (a)	13,600	257	Spain - 2.8%		
Hunter Douglas	15,450	414	Acerinox SA	3,600	120
Ing Groep	31,482	803	Altadis SA	34,100	580
Koninklijke (Royal) Philips Electronics	57,108	1,685	Amadeus Global Travel Distribution SA		
Koninklijke Ahold	25,210	733	Class A	14,400	83
Koninklijke KPN (a)	68,053	346	Banco Bilbao Vizcaya SA	21,037	260
Koninklijke Numico	12,600	294	Banco Santander Central Hispano SA	41,800	350
Royal Dutch Petroleum Co.	6,814	345	Centros Comerciales Pryca SA	15,850	191
Stork	26,438	213	Endesa SA	54,602	854
TNT Post Group	5,124	111	Fomento de Construcciones y		
Unilever	12,673	743	Contratas SA	5,300	110
Vedior	32,572	391	Iberdrola SA	8,184	107
Verenigde Nederlandse			Repsol SA - ADR	47,639	692
Uitgeversbedrijven VNU	22,074	678	Repsol YPF SA	16,768	244
Wolters Kluwer	36,375	829	Telefonica SA (a)	50,049	670
		<u>9,278</u>			<u>4,261</u>
New Zealand - 0.2%			Sweden - 1.2%		
Telecom Corp. of New Zealand, Ltd.	155,774	325	Assa Abloy AB Series B	31,600	457
Warehouse Group, Ltd. (The)	4,100	11	Autoliv, Inc.	26,001	522
		<u>336</u>	Investor AB Class B	26,900	295
Norway - 0.6%			Skandia Forsakrings AB	400	3
Den Norske Creditbank ASA	53,100	239	Svenska Handelsbanken AB Series A	20,696	305
Norsk Hydro AS	6,800	285	Swedish Match Co.	27,200	144
Statoil ASA (a)	39,360	270	Telefonaktiebolaget LM Ericsson AB		
Telenor AS	11,603	50	Series B	28,398	155
Tomra Systems ASA	10,700	102			<u>1,881</u>
		<u>946</u>	Switzerland - 5.3%		
Portugal - 0.6%			Adecco SA (a)	685	37
Electricidade de Portugal SA	185,980	404	Barry Callebaut AG (Regd)	2,913	301
Portugal Telecom SA (a)	65,065	507	Clariant AG (a)	28,470	536
		<u>911</u>	Compagnie Financiere Richemont AG		
Singapore - 1.2%			Class A (Units) (a)	4,008	75
Capitaland, Ltd.	8,000	8	Credit Suisse Group (a)	29,523	1,259
Chartered Semiconductor			Forbo Holding AG	326	99
Manufacturing, Ltd. (a)	25,000	66	Givaudan AG (Regd)	695	212
City Developments	6,000	20	Nestle SA (a)	4,158	887
Creative Technology, Ltd.	24,950	205	Novartis AG (a)	33,709	1,219
DBS Group Holdings, Ltd.	144,025	1,075	Roche Holding AG (a)	20,465	1,462
Great Eastern Holdings, Ltd.	2,000	11	Swiss Reinsurance (a)	2,827	284
Oversea-Chinese Banking Corp., Ltd.	10,000	60	Swisscom AG	1,054	292
Singapore Airlines, Ltd. (Alien Market)	11,000	66	UBS AG (a)	17,791	899
Singapore Press Holdings, Ltd.	8,949	106	Zurich Financial Services AG	2,050	481
Singapore Technologies Engineering, Ltd.	32,000	41			<u>8,043</u>
Singapore Telecommunications, Ltd.	29,000	28	United Kingdom - 20.7%		
United Overseas Bank, Ltd.	18,800	128	3i Group PLC	42,100	526
		<u>1,814</u>	Abbey National PLC	7,911	113
			Allied Domecq PLC	121,200	718
			Anglo American PLC	8,800	133

Non-U.S. Fund

Statement of Net Assets, continued

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
ARM Holdings PLC (a)	10,800	56	Safeway PLC	49,200	229
AstraZeneca PLC	5,400	248	Sage Group PLC (The)	9,587	32
BAE Systems PLC	315,808	1,421	Scottish & Southern Energy PLC	61,595	546
Barclays PLC	57,508	1,902	Severn Trent PLC	7,885	82
Bass PLC	7,885	78	Shell Transport & Trading Co. PLC	118,600	814
BBA Group PLC	45,600	188	Smith & Nephew PLC	8,592	52
BG Group PLC	61,000	248	Tesco Store Holdings PLC	56,264	204
BOC Group PLC	45,803	706	Unilever PLC	137,120	1,124
BP Amoco PLC	204,792	1,590	United Business Media PLC	21,661	151
British Airways PLC	27,477	78	Vodafone Group PLC	1,123,295	2,935
British American Tobacco PLC	9,611	81	Wolseley PLC	58,362	489
British Sky Broadcasting Group PLC (a)	10,627	117	Zeneca Group PLC	10,172	458
BT Group PLC (a)	149,783	551			<u>31,941</u>
Bunzl PLC	116,440	745	Total Common Stocks (cost \$151,295)		<u>138,739</u>
Cadbury Schweppes PLC	77,300	492			
Canary Wharf Group PLC (a)	14,000	91	Preferred Stocks - 0.4%		
Celltech Group PLC (a)	2,529	32	Australia - 0.1%		
CGNU PLC	12,968	159	News Corp., Ltd.	29,723	198
COLT Telecom Group PLC (a)	30,282	50			
Compass Group PLC	68,032	509	Germany - 0.3%		
Corus Group PLC (a)	45,500	48	Hugo Boss AG	9,000	192
Diageo PLC	107,803	1,230	ProSiebenSat.1 Media AG	10,200	52
Dixons Group PLC	23,021	79	Wella AG	4,900	253
Elan Corp. PLC - ADR (a)	10,500	473			<u>497</u>
Enterprise Oil PLC	83,400	565	Total Preferred Stocks (cost \$846)		<u>695</u>
Gallaher Group PLC	8,452	58			
GlaxoSmithKline PLC	66,933	1,677			
Granada Compass PLC	129,660	270			
Hanson PLC	9,758	67			
HBOS PLC	47,500	550			
HSBC Holdings PLC	90,863	1,065			
Johnson Matthey PLC	4,262	59			
Lloyds TSB Group PLC	57,832	627			
Man Group PLC	10,500	182			
Marks & Spencer PLC	230,425	1,209			
Matalan PLC	16,100	82			
mm02 PLC (a)	66,798	84			
Morgan Crucible Co. PLC	181,368	504			
National Grid Group PLC	32,700	203			
National Power PLC (a)	18,035	53			
Nycomed Amersham PLC	7,034	68			
Prudential PLC	53,427	618			
Reckitt Benckiser PLC	4,996	73			
Reed International PLC	139,952	1,160			
Reuters Group PLC	22,177	219			
Rexam PLC	153,740	838			
Rio Tinto Corp. PLC (Regd)	34,235	655			
Royal & Sun Alliance Insurance Group PLC	149,704	859			
Royal Bank of Scotland Group PLC	17,197	418			

Non-U.S. Fund

Statement of Net Assets, continued

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$	Futures Contracts	Net Asset Amount (000)	Unrealized Appreciation (Depreciation) (000)
Short-Term Investments - 7.8%					
United States - 7.8%			TOPIX Index (Japan)		
Frank Russell Investment Company			expiration date 03/02	JPY 419,020	\$ 3
Money Market Fund (c)	10,613	10,613	FTSE - 100 Index (UK)		
United States Treasury Bills			expiration date 03/02	GBP 2,606	77
1.630% due 03/21/02 (d)(e)(f)	1,500	1,494	CAC - 40 Index (France)		
			expiration date 03/02	EUR 1,398	3
Total Short-Term Investments			DAX Index (Germany)		
(cost \$12,107)		12,107	expiration date 03/02	EUR 1,167	19
Total Investments - 98.1%			EUR STOXX 50 Index (EMU)		
(identified cost \$164,248)		151,541	expiration date 03/02	EUR 2,759	119
Other Assets and Liabilities,					
Net - 1.9%		2,953			
Net Assets - 100.0%		154,494	Total Unrealized Appreciation		
			(Depreciation) on Open Futures		\$ 221
			Contracts Purchased		

- (a) Nonincome-producing security.
- (b) Real Estate Investment Trust (REIT).
- (c) At net asset value.
- (d) At amortized cost, which approximates market.
- (e) Held as collateral in connection with futures contracts purchased by the Fund.
- (f) Rate noted is yield-to-maturity from date of acquisition.

Abbreviations:

ADR - American Depositary Receipt

Foreign Currency Abbreviations:

CAD - Canadian dollar
 EUR - Euro dollar
 GBP - British pound
 HKD - Hong Kong dollar
 JPY - Japanese yen
 USD - United States dollar

See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Statement of Net Assets, continued

December 31, 2001

Industry Diversification (Unaudited)	% of Net Assets	Market Value (000) \$	Foreign Currency Exchange Spot Contracts			
			Contracts to Deliver (000)	In Exchange For (000)	Settlement Date	Unrealized Appreciation (Depreciation) (000)
Auto & Transportation	5.9%	9,130	USD 3	CAD 5	01/02/02	\$ —
Consumer Discretionary	10.4	16,131	USD 2	CAD 3	01/03/02	—
Consumer Staples	6.8	10,516	USD 83	EUR 94	01/02/02	1
Energy	7.1	10,930	USD 4	EUR 4	01/03/02	—
Financial Services	20.5	31,681	USD 1	EUR 1	01/04/02	—
Health Care	6.6	10,165	EUR 9	USD 8	01/02/02	—
Materials & Processing	9.8	15,090	EUR 1	USD 1	01/04/02	—
Miscellaneous	1.9	2,964	HDK 5	USD 1	01/02/02	—
Producer Durables	7.1	10,963	HDK 15	USD 2	01/03/02	—
Technology	3.6	5,524	JPY 1,145	USD 9	01/04/02	—
Utilities	10.6	16,340	JPY 1,042	USD 8	01/07/02	—
Short-Term Investments	7.8	12,107	JPY 759	USD 6	01/08/02	—
			JPY 852	USD 6	01/04/02	—
Total Investments	98.1	151,541				\$ —
Other Assets and Liabilities, Net	1.9	2,953				—
Net Assets	100.0%	154,494				\$ 1

Geographic Diversification (Unaudited)	% of Net Assets	Market Value (000) \$	Forward Foreign Currency Exchange Contracts			
			Contracts to Deliver (000)	In Exchange For (000)	Settlement Date	Unrealized Appreciation (Depreciation) (000)
Europe	42.5%	65,609	USD 4,904	EUR 5,500	03/20/02	\$ (23)
Japan	18.5	28,621	USD 890	EUR 1,000	03/20/02	(2)
Pacific Basin	6.0	9,296	EUR 500	USD 443	03/20/02	—
United Kingdom	20.7	31,941	EUR 500	USD 450	03/20/02	6
Other	2.6	3,967	USD 880	EUR 1,000	03/20/02	7
Short-Term Investments	7.8	12,107	EUR 500	USD 443	03/20/02	—
Total Investments	98.1	151,541	USD 3,481	GBP 2,450	03/20/02	65
Other Assets and Liabilities, Net	1.9	2,953	USD 4,227	JPY 525,000	03/20/02	(205)
Net Assets	100.0%	154,494				\$ (152)

See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Statement of Assets and Liabilities

Amounts in thousands (*except per share amounts*)

December 31, 2001

Assets

Investments at market (identified cost \$164,248)	\$	151,541
Foreign currency holdings (identified cost \$3,394)		3,384
Unrealized appreciation on forward foreign currency exchange contracts		78
Unrealized appreciation on foreign currency exchange spot contracts		1
Receivables:		
Dividends and interest		133
Investments sold		273
Fund shares sold		82
Foreign taxes recoverable		159
Total assets		<u>155,651</u>

Liabilities

Payables:

Investments purchased	\$	639
Fund shares redeemed		63
Accrued fees to affiliates		98
Other accrued expenses		97
Daily variation margin on futures contracts		30
Unrealized depreciation on forward foreign currency exchange contracts		230
Total liabilities		<u>1,157</u>

Net Assets	\$	<u>154,494</u>
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Net Assets Consist of:

Accumulated distributions in excess of net investment income	\$	(445)
Accumulated net realized gain (loss)		(40,345)
Unrealized appreciation (depreciation) on:		
Investments		(12,707)
Futures contracts		221
Foreign currency-related transactions		(162)
Shares of beneficial interest		179
Additional paid-in capital		207,753

Net Assets	\$	<u>154,494</u>
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Net Asset Value, offering and redemption price per share:

(\$154,493,817 divided by 17,881,059 shares of \$.01 par value shares of beneficial interest outstanding)	\$	<u>8.64</u>
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See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Statement of Operations

Amounts in thousands

Year Ended December 31, 2001

Investment Income

Dividends	\$	3,070
Dividends from Money Market Fund		339
Interest		71
Other income		11
Less foreign taxes withheld		<u>(363)</u>
Total investment income		3,128

Expenses

Management fees	\$	1,522
Custodian fees		640
Transfer agent fees		8
Professional fees		58
Trustees' fees		17
Amortization of deferred organization expenses		1
Miscellaneous		<u>65</u>
Expenses before reductions		2,311
Expense reductions		<u>(216)</u>
Expenses, net		<u>2,095</u>

Net investment income	<u>1,033</u>
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Net Realized and Unrealized Gain (Loss)

Net realized gain (loss) on:

Investments	(23,909)	
Futures contracts	(2,475)	
Foreign currency-related transactions	<u>(48)</u>	(26,432)

Net change in unrealized appreciation (depreciation) on:

Investments	(15,882)	
Futures contracts	575	
Foreign currency-related transactions	<u>(633)</u>	(15,940)

Net realized and unrealized gain (loss)	<u>(42,372)</u>
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Net increase (decrease) in net assets from operations	<u>\$ (41,339)</u>
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See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Statement of Changes in Net Assets

Amounts in thousands

Years Ended December 31,

	2001	2000
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 1,033	\$ 1,531
Net realized gain (loss)	(26,432)	(2,982)
Net change in unrealized appreciation (depreciation)	(15,940)	(28,665)
Net increase (decrease) in net assets from operations	(41,339)	(30,116)
Distributions		
From net investment income	(660)	(46)
From net realized gain	—	(15,333)
Tax return of capital	(278)	(383)
Net decrease in net assets from distributions	(938)	(15,762)
Share Transactions		
Net increase (decrease) in net assets from share transactions	11,127	36,003
Total net increase (decrease) in net assets	(31,150)	(9,875)
Net Assets		
Beginning of period	185,644	195,519
End of period (including accumulated distributions in excess of net investment income of \$445 and \$843, respectively)	\$ 154,494	\$ 185,644

See accompanying notes which are an integral part of the financial statements.

Non-U.S. Fund

Financial Highlights

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements.

	Years Ended December 31,				
	2001	2000	1999	1998	1997*
Net Asset Value, Beginning of Period	\$ 11.15	\$ 14.19	\$ 11.09	\$ 10.03	\$ 10.00
Income From Operations					
Net investment income (a) .....	.06	.10	.10	.08	.09
Net realized and unrealized gain (loss)	(2.52)	(2.11)	3.53	1.21	(.06)
Total income from operations	(2.46)	(2.01)	3.63	1.29	.03
Distributions					
From net investment income	(.04)	—	(.23)	(.18)	—
From net realized gain	—	(1.00)	(.30)	(.05)	—
Tax return of capital	(.01)	(.03)	—	—	—
Total distributions	(.05)	(1.03)	(.53)	(.23)	—
Net Asset Value, End of Period	\$ 8.64	\$ 11.15	\$ 14.19	\$ 11.09	\$ 10.03
Total Return (%) (b)	(22.03)	(14.43)	33.36	12.96	.30
Ratios/Supplemental Data:					
Net Assets, end of period (in thousands)	154,494	185,644	195,519	21,420	6,876
Ratios to average net assets (%) (c):					
Operating expenses, net	1.30	1.30	1.30	1.30	1.30
Operating expenses, gross	1.43	1.37	1.50	2.37	3.60
Net investment income .....	.64	.78	.80	.77	.98
Portfolio turnover rate (%)	79.79	86.06	83.45	50.36	68.54

* For the period January 2, 1997 (commencement of operations) to December 31, 1997.

(a) For the periods subsequent to December 31, 1997, average month-end shares outstanding were used for this calculation.

(b) Periods less than one year are not annualized.

(c) The ratios for periods less than one year are annualized.

Core Bond Fund

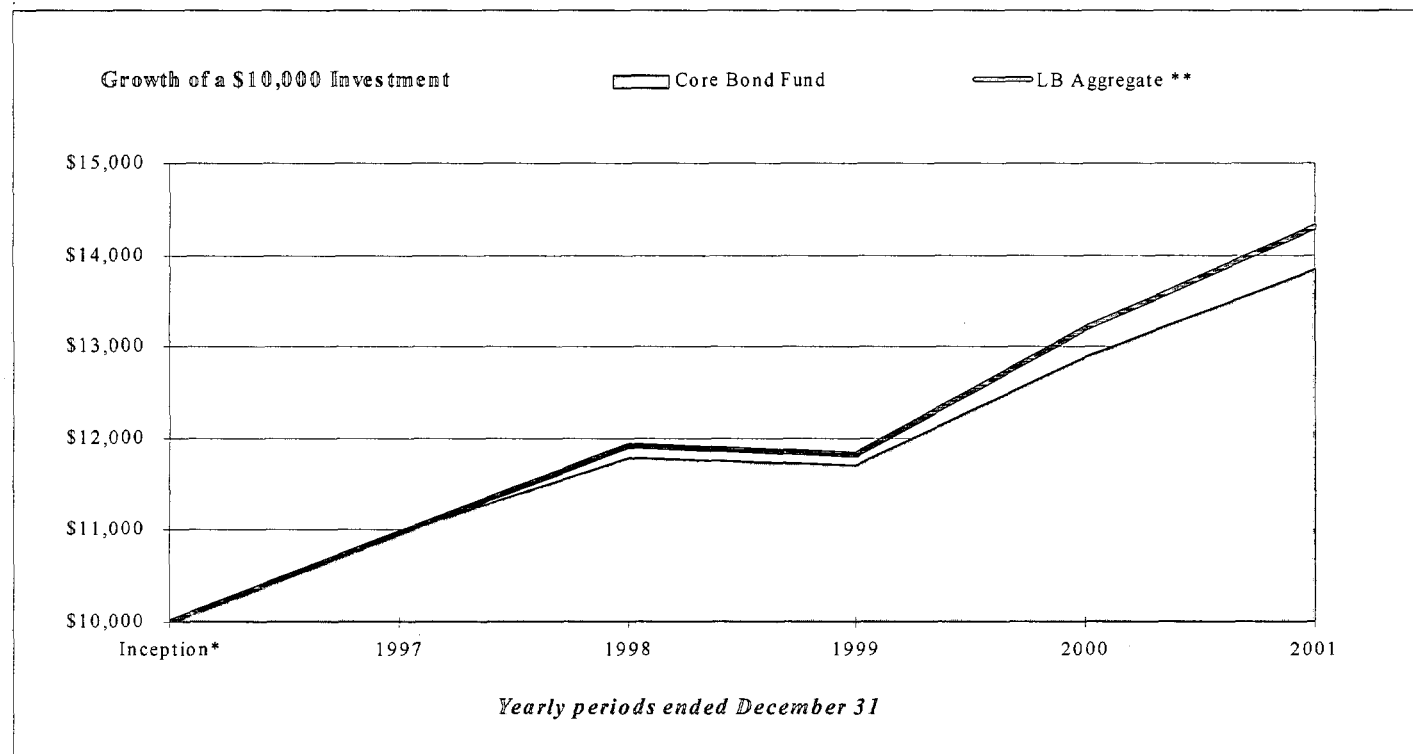
Portfolio Management Discussion

December 31, 2001 (Unaudited)

Objective: To maximize total return through capital appreciation and income by assuming a level of volatility consistent with the broad fixed-income market, by investing in fixed-income securities.

Invests in: Fixed-income securities.

Strategy: The Fund uses a multi-style, multi-manager strategy and employed two managers with distinct approaches to managing portfolios of intermediate-maturity fixed income securities.



Core Bond Fund

Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 10,741	7.41%
Inception	\$ 13,837	6.72%§

Lehman Brothers Aggregate Bond Index

Periods Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 10,844	8.44%
Inception	\$ 14,308	7.43%§

Core Bond Fund

Portfolio Management Discussion

December 31, 2001 (Unaudited)

Performance Review

For the year ended December 31, 2001, the Core Bond Fund posted a gain of 7.41%, as compared to the Lehman Brothers Aggregate Bond Index, which gained 8.44%. The Fund underperformed its benchmark due primarily to its structural allocation to high yield and emerging market debt, two of the weakest sectors of the fixed income market during 2001.

Portfolio Highlights

Fixed income investors generally fared well during 2001, as the asset class turned in a return second only to real estate. While all primary segments of the fixed income market produced positive returns during the year, investment grade corporate debt, asset backed securities, and commercial mortgage backed issues produced the strongest absolute returns during the year.

During the first quarter, the Fund slightly trailed its benchmark, as a result of its overweight holdings of mortgage backed securities. As the Federal Reserve wasted little time slashing rates on the first trading day of the new year, mortgages were negatively impacted as investors became concerned prepayment rates on the underlying assets would rise.

The Fund's returns were dampened during the second and third quarters, in large part as a result of its structural high yield exposure. As concerns persisted over the health of the US economy, sector spreads widened, leading to significantly worse performance for lower quality bonds.

The fourth quarter saw more aggressive positioning rewarded, and the Fund benefited from its holdings in high yield corporate and emerging market debt. The two sectors were the strongest performers during the period, as investors became optimistic that the worst of the economic slowdown had passed.

Top Ten Issuers

(as a percent of Total Investments)

December 31, 2001

Federal National Mortgage Association Total	15.56%
Government National Mortgage Association Total	13.41
United States Treasury Notes Total	8.07
Federal Home Loan Mortgage Corp. Total	7.46
General Motors Acceptance Corp.	2.16
Ford Motor Credit Co. Total	2.04
Credit Suisse First Boston Mortgage Securities Corp.	1.23
DaimlerChrysler North America Holding Corp.	1.04
Household Finance Co.	1.01
Germany, Federal Republic of	0.89

Portfolio Characteristics

December 31, 2001

Weighted Average Quality Diversification	Aa1
Weighted Average Years-to-Maturity	5.9 Years
Weighted Average Duration	4.5 Years
Current Yield (SEC 30-day standardized)	6%
Number of Issues	301
Number of Issuers	179

Money Managers

Styles

Pacific Investment Management Co., LLC	Sector Rotation
TimesSquare Capital Management, Inc.	Sector Rotation

* The Fund commenced operations on January 2, 1997. Index comparison began January 1, 1997.

** Lehman Brothers Aggregate Bond Index is composed of securities from Lehman Brothers Government/Corporate Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Core Bond Fund

Statement of Net Assets

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Long-Term Investments - 102.5%					
Asset-Backed Securities - 1.8%					
Advanta Equipment Receivables					
Series 2000-1 Class B					
7.560% due 02/15/07	512	537			
Advanta Mortgage Loan Trust					
Step Up Bond					
Series 1999-3 Class A7					
2.330% due 08/25/29	524	525			
Citibank Credit Card Issuance Trust					
Series 2001-A6 Class A6					
5.650% due 06/15/08	475	486			
Fleet Credit Card Master Trust II					
Series 2001-C Class A					
3.860% due 03/15/07	375	371			
Student Loan Marketing Association					
Series 1996-4 Class A1					
2.502% due 07/25/04 (c)	50	50			
		<u>1,969</u>			
Corporate Bonds and Notes - 32.7%					
Adelphia Communications Corp.					
9.250% due 10/01/02	50	50			
Series B					
8.125% due 07/15/03	50	50			
Ahold Finance USA, Inc.					
6.250% due 05/01/09	215	212			
6.875% due 05/01/29	100	97			
Albertson's, Inc.					
7.500% due 02/15/11	100	107			
8.000% due 05/01/31	75	83			
Allied Waste North America, Inc.					
Series B					
7.375% due 01/01/04	75	74			
7.625% due 01/01/06	150	148			
Amerada Hess Corp.					
5.900% due 08/15/06	250	252			
American General Finance Corp.					
6.170% due 05/06/03	400	414			
Anchor Gaming					
9.875% due 10/15/08	125	137			
AOL Time Warner, Inc.					
7.625% due 04/15/31	740	783			
Aramark Corp.					
6.750% due 08/01/04	125	121			
7.000% due 07/15/06	100	97			
Argosy Gaming Co.					
10.750% due 06/01/09 (a)	25	27			
Associates Corporation of North America					
2.385% due 05/08/03 (c)	700	700			
AT&T Corp. - Liberty Media Corp.					
8.250% due 02/01/30	200	189			
			Avalonbay Communities, Inc.		
			6.500% due 07/15/03 (h)	100	103
			6.625% due 01/15/05 (h)	100	102
			6.625% due 09/15/11	125	122
			Bae Systems Holdings, Inc.		
			6.400% due 12/15/11	410	406
			Bank of America Corp.		
			2.670% due 10/22/04 (c)	250	250
			7.800% due 02/15/10	230	252
			Series H		
			2.413% due 08/26/05 (c)	1,000	1,000
			Beckman Coulter, Inc.		
			7.100% due 03/04/03	225	231
			7.450% due 03/04/08	50	52
			Boeing Capital Corp.		
			5.750% due 02/15/07	85	85
			British Telecommunications PLC		
			3.165% due 12/15/03 (c)	900	909
			8.125% due 12/15/10	200	221
			8.625% due 12/15/30	200	230
			Charter Communications Holdings		
			Step Up Bond		
			11.750% due 01/15/10	200	142
			Citigroup, Inc.		
			7.250% due 10/01/10	160	172
			6.500% due 01/18/11	1,000	1,030
			Clear Channel Communications		
			7.875% due 06/15/05	275	288
			CMS Energy Corp.		
			8.125% due 05/15/02	100	101
			Coastal Corp.		
			7.750% due 06/15/10	125	128
			Coca-Cola Enterprises, Inc.		
			8.500% due 02/01/22	150	179
			Columbia/HCA Healthcare Corp.		
			8.850% due 01/01/07	50	53
			Conmed Corp.		
			9.000% due 03/15/08	75	77
			Conoco Funding Co.		
			6.350% due 10/15/11	420	425
			Conseco, Inc.		
			6.400% due 02/10/03	90	49
			Cox Communications, Inc.		
			7.500% due 08/15/04	150	159
			7.750% due 11/01/10	75	81
			Crescent Real Estate Equities		
			7.000% due 09/15/02 (h)	170	172
			CSC Holdings, Inc.		
			7.875% due 12/15/07	75	78
			Series B		
			7.625% due 04/01/11	85	85

Core Bond Fund

Statement of Net Assets, continued

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
CSX Corp.			Georgia-Pacific Corp.		
7.250% due 05/01/04	350	372	8.875% due 05/15/31	95	94
DaimlerChrysler North America			Golden State Holdings		
2.380% due 08/21/03 (c)	1,500	1,470	7.125% due 08/01/05	175	174
Del Webb Corp.			Goldman Sachs Group, Inc.		
9.750% due 01/15/08	125	131	6.875% due 01/15/11	225	232
Delta Air Lines, Inc.			GS Escrow Corp.		
8.300% due 12/15/29	150	120	7.000% due 08/01/03	350	354
Devon Energy Corp.			HCA - The Healthcare Co.		
4.950% due 08/15/08	55	56	8.750% due 09/01/10	50	54
Dime Bancorp, Inc.			7.875% due 02/01/11	75	77
9.000% due 12/19/02	150	158	Heller Financial, Inc.		
Donaldson Lufkin & Jenrette			Series J		
2.800% due 04/25/03 (c)	400	402	2.728% due 07/24/02 (c)	1,000	1,002
DTE Energy Co.			Horseshoe Gaming Holding Corp.		
7.050% due 06/01/11	175	180	8.625% due 05/15/09	125	129
El Paso Energy Corp.			Household Finance Corp.		
8.050% due 10/15/30	125	128	2.290% due 05/07/02 (c)	150	150
EOP Operating, LP			6.375% due 10/15/11	265	257
6.500% due 01/15/04	250	260	Series E		
7.000% due 07/15/11	125	126	6.125% due 02/27/03	1,000	1,030
ERP Operating, LP			Huntsman ICI Holdings LLC		
6.950% due 03/02/11	225	226	Zero Coupon due 12/31/09	80	20
Felcor Lodging, LP			International Paper Co.		
8.500% due 06/01/11	50	48	8.000% due 07/08/03	125	133
First Energy Corp.			International Wire Group		
Series C			11.750% due 06/01/05	80	67
7.375% due 11/15/31	260	254	Isle of Capri Casinos, Inc.		
First Union Corp.			8.750% due 04/15/09	50	48
7.550% due 08/18/05	50	54	Keyspan Corp.		
7.500% due 07/15/06	150	163	7.250% due 11/15/05	50	53
FleetBoston Financial Corp.			7.625% due 11/15/10	150	163
7.250% due 09/15/05	225	242	Kroger Co.		
Ford Motor Co.			8.000% due 09/15/29	100	110
7.450% due 07/16/31	400	367	Lear Corp.		
Ford Motor Credit Co.			Series B		
2.423% due 06/23/03 (c)	250	245	7.960% due 05/15/05	125	126
6.700% due 07/16/04	400	407	Lehman Brothers Holdings, Inc.		
7.600% due 08/01/05	100	103	6.625% due 04/01/04	175	184
6.875% due 02/01/06	305	305	8.250% due 06/15/07	25	28
Series 1			Mohegan Tribal Gaming Authority		
2.000% due 11/24/03 (c)	1,000	969	8.125% due 01/01/06	200	206
Fred Meyer, Inc.			8.750% due 01/01/09	25	26
7.450% due 03/01/08	125	132	Morgan Stanley Dean Witter & Co.		
General Motors Acceptance Corp.			5.625% due 01/20/04	225	233
2.465% due 11/07/03 (c)	600	587	6.750% due 04/15/11	150	154
3.110% due 01/20/04 (c)	100	98	National City Corp.		
2.820% due 07/20/04 (c)	900	872	6.875% due 05/15/19	125	125
2.680% due 07/30/04 (c)	400	387	News America, Inc.		
7.500% due 07/15/05	225	234	6.625% due 01/09/08	125	125
6.125% due 09/15/06	385	381			

Core Bond Fund

Statement of Net Assets, continued

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Niagara Mohawk Power Corp. 6.875% due 04/01/03 Series F 7.625% due 10/01/05	75 132	78 141	Tenet Healthcare Corp. 6.000% due 12/01/05 Time Warner, Inc. 8.110% due 08/15/06	50 125	51 139
Nisource Finance Corp. 7.875% due 11/15/10	200	207	Tricon Global Restaurants, Inc. 7.650% due 05/15/08	100	101
Norfolk Southern Corp. 7.350% due 05/15/07 7.700% due 05/15/17 7.800% due 05/15/27	200 130 100	215 139 110	TRW, Inc. 6.625% due 06/01/04 7.625% due 03/15/06	175 50	178 52
Northrop Grumman Corp. 7.750% due 02/15/31	210	226	U.S. Bancorp Series J 6.875% due 12/01/04	275	291
Occidental Petroleum Corp. 7.200% due 04/01/28	135	133	Union Pacific Corp. 5.750% due 10/15/07	280	275
Parker Retirement Savings Plan 6.340% due 07/15/08	371	372	Union Planters Corp. 7.750% due 03/01/11	50	53
Pemex Project Funding Master Trust 9.125% due 10/13/10	210	222	Viacom, Inc. 7.700% due 07/30/10	225	245
Philip Morris Cos., Inc. 7.250% due 01/15/03	500	518	Waste Management, Inc. 6.500% due 05/15/04 7.375% due 08/01/10 7.100% due 08/01/26	1,000 75 275	1,032 77 287
Pulte Corp. 7.000% due 12/15/03 7.625% due 10/15/17	25 50	26 45	Wells Fargo & Co. 6.625% due 07/15/04	50	53
Qwest Capital Funding, Inc. 7.000% due 08/03/09	800	777	Wells Fargo Bank NA 7.550% due 06/21/10	50	55
Raytheon Co. 8.200% due 03/01/06	100	109	Westdeutsche Landesbank NY 6.050% due 01/15/09	500	497
Republic of New York Corp. 5.000% due 10/28/02 (c)	750	766	Williams Cos, Inc. 7.875% due 09/01/21	150	152
Resolution Funding Corp. Principal Strip Zero Coupon due 10/15/20	600	184	Wisconsin Central Transportation Corp. 6.625% due 04/15/08	325	335
Royal Caribbean Cruises, Ltd. 8.750% due 02/02/11	100	81	WorldCom, Inc. 7.500% due 05/15/11 8.250% due 05/15/31	225 620	230 654
Scotts Co. 8.625% due 01/15/09	50	51			<u>35,942</u>
Simon Property Group LP 6.375% due 11/15/07	200	198			
Six Flags, Inc. 9.750% due 06/15/07	75	76	Eurodollar Bonds - 4.6% AES Drax Energy, Ltd. Series B 11.500% due 08/30/10	80	53
Small Business Administration-SBIC Series 10B 7.449% due 08/01/10	97	105	British Telecommunications PLC 7.625% due 12/15/05	100	107
Southland Corp. 5.000% due 12/15/03	100	96	Bulgaria, National Republic of Series A 4.563% due 07/28/12 (c) 4.563% due 07/28/24 (c)	55 170	50 151
Station Casinos, Inc. 9.750% due 04/15/07	25	25	Colombia, Republic of 10.000% due 01/23/12	130	128
Suntrust Bank 6.375% due 04/01/11	125	127	Deutsche Telekom International Finance BV Step Up Bond 8.250% due 06/15/30	600	666
TCI Communications, Inc. 8.650% due 09/15/04 8.000% due 08/01/05	125 430	137 467			

Core Bond Fund

Statement of Net Assets, continued

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
Goldman Sachs Group LP			Credit Suisse First Boston Mortgage		
2.143% due 04/08/05 (c)	600	595	Securities Corp.		
Morgan Stanley Dean Witter			Series 2001-S18 Class A2		
Series T			2.280% due 08/25/31 (c)	883	886
2.088% due 03/11/03 (c)	300	301	Federal Home Loan Mortgage Corp.		
Panama, Republic of			5.500% 15 Year TBA (b)	1,150	1,132
9.625% due 02/08/11	25	26	6.500% 15 Year TBA (b)	950	969
Peru, Republic of			5.500% 30 Year TBA (b)	325	309
4.000% due 03/07/17 (c)	75	53	Series 2266 Class F		
4.500% due 03/07/17 (c)	160	123	2.270% due 11/15/30 (c)	617	618
Philippines, Republic of			Series 2391 Class QT		
10.625% due 03/16/25	130	127	5.500% due 05/15/15	350	340
Poland, Republic of			Federal Home Loan Mortgage Corp.		
4.500% due 10/27/24 (c)	100	72	Participation Certificate		
Poland, Republic of, Step Up Bond			7.813% due 2030	85	89
Series RSTA			Federal National Mortgage Association		
3.750% due 10/27/24	200	159	6.000% due 12/15/05	2,500	2,627
Royal Bank of Scotland Group PLC			6.000% 15 Year TBA (b)	3,225	3,229
Series 1			7.000% 15 Year TBA (b)	600	621
9.118% due 03/31/49 (d)	650	739	6.000% 30 Year TBA (b)	1,350	1,320
Russia, Government of Step Up Bond			6.500% 30 Year TBA (b)	4,150	4,150
Series REGS			7.000% 30 Year TBA (b)	4,550	4,635
5.000% due 03/31/30	620	354	6.031% due 2017	213	214
Standard Chartered Bank			7.500% due 2029	513	530
8.000% due 05/30/31	160	163	7.500% due 2030	674	695
Tembec Industries, Inc.			6.500% due 2031	404	404
8.500% due 02/01/11	70	72	5.282% due 2036 (c)	2,056	2,090
United Mexican States			Series 1997-77 Class G		
8.375% due 01/14/11	100	103	6.500% due 05/18/23	48	51
8.300% due 08/15/31	1,100	1,076	Series 2001-76 Class UC		
		<u>5,118</u>	5.500% due 11/25/15	350	343
			Federal National Mortgage		
Mortgage-Backed Securities - 46.5%			Association (REMIC)		
Bear Stearns Adjustable Rate			Series 1992-10 Class ZD		
Mortgage Trust			8.000% due 11/25/21	1,095	1,166
Series 2000-1 Class A1			First Nationwide Trust		
7.477% due 12/25/30 (c)	538	546	Series 2001-4 Class 3A5		
Chase Commercial Mortgage			2.530% due 09/25/31 (c)	874	864
Securities Corp.			GMAC Commercial Mortgage		
Series 1997-2 Class D			Securities, Inc.		
6.600% due 12/19/07	450	447	Series 1998-C1 Class A2		
Chase Mortgage Finance Corp.			6.700% due 03/15/08	1,000	1,030
Series 1993-N Class A9			Government National		
6.750% due 11/25/24	850	823	Mortgage Association		
Countrywide Home Loans			6.500% 30 Year TBA (b)	9,000	9,031
Series 2000-2 Class A2			7.000% 30 Year TBA (b)	2,000	2,043
7.750% due 04/25/30	13	13	7.500% 30 Year TBA (b)	1,000	1,034
Series 2000-8 Class A2			6.375% due 2026 (c)	1,566	1,595
7.750% due 01/25/31	31	32	6.750% due 2027 (c)	154	158
			6.000% due 2028	435	425
			6.000% due 2029	349	343
			7.500% due 2029 (c)	31	32

Core Bond Fund

Statement of Net Assets, continued

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$		Principal Amount (000) \$	Market Value (000) \$
7.500% due 2029	342	354	6.000% due 08/15/09	140	149
8.000% due 2030	3,004	3,145			<u>5,688</u>
Series 2000-29 Class F			Yankee Bonds - 2.5%		
2.433% due 09/20/30 (c)	861	866	Abbey National PLC		
Long Beach Mortgage Loan Trust			6.700% due 06/29/49 (c)(d)	150	148
Series 2000-1 Class AV1			Abitibi-Consolidated, Inc.		
2.191% due 01/01/31 (c)	880	880	8.850% due 08/01/30	115	118
Morgan Stanley Capital I, Inc.			Amvescap PLC		
Series 1998-HF1 Class A2			6.600% due 05/15/05	115	118
6.520% due 01/15/08	125	129	British Sky Broadcasting Group PLC		
Morgan Stanley Dean Witter Capital I			6.875% due 02/23/09	125	120
Series 2001-IQA Class A1			8.200% due 07/15/09	100	103
4.570% due 12/18/32	222	220	Carnival Corp.		
Norwest Asset Securities Corp.			6.150% due 10/01/03	90	91
Series 1998-14 Class A2			6.150% due 04/15/08	75	68
6.500% due 06/25/13	185	189	Colt Telecom Group PLC		
PNC Mortgage Securities Corp.			Step Up Bond		
Series 2000-5 Class A1			12.000% due 12/15/06	65	57
7.750% due 07/25/30	140	141	Donohue Forest Products, Inc.		
Salomon Brothers Mortgage Secs VII			7.625% due 05/15/07	100	101
Series 1999-NC4 Class A			GT Group Telecom, Inc.		
2.330% due 09/25/29 (c)	338	340	Step Up Bond		
		<u>51,098</u>	13.250% due 02/01/10	165	21
Non-US Bonds - 6.2%			KPNQwest BV		
Germany, Federal Republic of			8.125% due 06/01/09	25	16
Series 00			Laidlaw, Inc.		
4.750% due 12/13/02	EUR 1,400	1,262	7.875% due 04/15/05	280	149
United Kingdom Treasury Bond			Nortel Networks, Ltd.		
8.500% due 12/07/05	GBP 3,400	5,534	6.125% due 02/15/06	110	92
		<u>6,796</u>	Quebec, Province of		
United States			7.500% due 07/15/23	495	547
Government Agencies - 3.0%			Royal Caribbean Cruises, Ltd.		
Federal Home Loan Mortgage Corp.			7.000% due 10/15/07	110	87
6.875% due 09/15/10	2,800	3,022	7.500% due 10/15/27	125	81
6.750% due 03/15/31	300	318	Royal Caribbean Cruises, Ltd.		
		<u>3,340</u>	Zero Coupon due 05/18/21	25	9
United States Government			Stagecoach Holdings PLC		
Treasuries - 5.2%			8.625% due 11/15/09	100	93
United States Treasury Bonds			TELUS Corp.		
6.625% due 02/15/27	705	784	8.000% due 06/01/11	125	132
3.625% due 04/15/28	110	112	TFM SA de CV Step Up Bond		
6.250% due 05/15/30	545	590	11.750% due 06/15/09 (c)	30	26
United States Treasury Notes			TFM SA de CV Step Up Bond		
3.625% due 07/15/02	111	112	11.750% due 06/15/09 (c)	80	70
7.875% due 11/15/04	925	1,028	Tyco International Group SA		
6.750% due 05/15/05	100	109	6.250% due 06/15/03 (c)	400	410
3.375% due 01/15/07	2,356	2,361	6.375% due 06/15/05	75	76
3.875% due 01/15/09	433	443			<u>2,733</u>
			Total Long-Term Investments		
			(cost \$111,530)		<u>112,684</u>

Core Bond Fund

Statement of Net Assets, continued

December 31, 2001

	Notional Amount (000) \$	Market Value (000) \$		Number of Shares	Market Value (000) \$
Options Purchased - 0.0%					
Eurodollar Futures (f)					
06/02 95.00 Put	40	—			
06/02 92.75 Put	325	2			
06/02 94.75 Put	138	—			
06/02 92.50 Put	500	2			
06/02 93.75 Put	122	—			
Total Options (cost \$8)		4			
Warrants - 0.0%					
GT Group Telecom, Inc. 2010 Warrants					
1.325% due 02/01/10 (f)				175	1
Total Warrants (cost \$8)					1
Total Investments - 129.0% (identified cost \$140,670)					141,820
Other Assets and Liabilities, Net - (29.0%)					(31,849)
Net Assets - 100.0%					109,971
Preferred Stocks - 0.4%					
California Federal Preferred Capital Corp.	8,250	206			
CSC Holdings, Inc.					
Series H	935	100			
Equity Office Properties Trust (conv.)	1,500	69			
Six Flags, Inc. (conv.)	2,500	60			
Total Preferred Stocks (cost \$420)		435			
Short-Term Investments - 26.1%					
AT & T Corp. Commercial Paper					
5.600% due 02/27/02 (a)(g)	500	498			
Federal Home Loan Mortgage					
Discount Notes					
5.370% due 03/20/02 (a)(g)	3,900	3,875			
Ford Motor Credit Corp.					
Commercial Paper					
5.530% due 01/31/02 (a)(g)	500	499			
Frank Russell Investment Company					
Money Market Fund (i)	20,615	20,615			
General Motors Acceptance Corp.					
Commercial Paper					
5.520% due 01/03/02 (a)(g)	500	500			
UBS Finance, Inc. Yrs 3&4					
Commercial Paper					
3.770% due 03/27/02 (a)(g)	2,500	2,489			
United States Treasury Bills					
2.240% due 02/07/02 (a)(e)(g)	220	220			
Total Short-Term Investments (cost \$28,704)		28,696			
			Abbreviations:		
			REMIC - Real Estate Mortgage Investment Conduit		
			TBA - To Be Announced Security		
			Foreign Currency Abbreviations:		
			EUR - Euro dollar		
			GBP - British pound		

- (a) At amortized cost, which approximates market.
 (b) Forward commitment.
 (c) Adjustable or floating rate security.
 (d) Perpetual floating rate note.
 (e) Held as collateral in connection with futures contracts purchased (sold) and options written by the Fund.
 (f) Nonincome-producing security.
 (g) Rate noted is yield-to-maturity from date of acquisition.
 (h) Real Estate Investment Trusts (REIT).
 (i) At net asset value.

Abbreviations:

REMIC - Real Estate Mortgage Investment Conduit
 TBA - To Be Announced Security

Foreign Currency Abbreviations:

EUR - Euro dollar
 GBP - British pound

See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Statement of Net Assets, continued

December 31, 2001

Futures Contracts	Notional Amount (000) \$	Unrealized Appreciation (Depreciation) (000)	Options Written	Notional Amount (000) \$	Market Value (000) \$	
Eurodollar Futures expiration date 09/02	243	\$ —	Eurodollar Futures 09/02 96.50 Put	13	(3)	
			06/02 95.75 Put	593	(9)	
Eurodollar Futures expiration date 12/02	4,576	11	06/02 95.50 Put	507	(5)	
			06/02 97.00 Put	12	(1)	
			06/02 96.00 Put	63	(1)	
Eurodollar Futures expiration date 03/03	4,306	1	United States Treasury Bonds 02/02 100.00 Put	2	(3)	
			United States Treasury Notes 10 Year 02/02 102.00 Put	4	(2)	
Eurodollar Futures expiration date 06/03	4,278	(8)	02/02 103.00 Put	18	(13)	
			02/02 104.00 Put	10	(10)	
Eurodollar Futures expiration date 09/03	4,257	(15)	02/02 112.00 Call	2	—	
			Total Liability for Options Written (premiums received \$325)		(47)	
United States Treasury Bonds expiration date 03/02	3,858	(32)				
United States Treasury Notes 10 Year Futures expiration date 03/02	105	(2)				
United States Treasury Notes 5 Year Futures expiration date 03/02	529	—				
Total Unrealized Appreciation (Depreciation) on Open Futures Contracts Purchased		\$ (45)				
Forward Foreign Currency Exchange Contracts						
			Contracts to Deliver (000)	In Exchange For (000)	Settlement Date	Unrealized Appreciation (Depreciation) (000)
			EUR 364	USD 320	01/11/02	\$ (4)
			EUR 602	USD 528	01/11/02	(8)
			EUR 200	USD 178	01/11/02	—
			EUR 1,351	USD 1,202	01/11/02	(1)
			USD 552	EUR 602	01/11/02	(16)
			USD 1,705	EUR 1,915	01/11/02	(1)
			USD 15	EUR 17	01/11/02	—
						\$ (30)

See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Statement of Assets and Liabilities

Amounts in thousands (except per share amounts)

December 31, 2001

Assets

Investments at market (identified cost \$140,670)	\$	141,820
Foreign currency holdings (identified cost \$30)		30
Receivables:		
Dividends and interest		1,183
Investments sold (regular settlement)		687
Investments sold (delayed settlement)		4,413
Fund shares sold		57
Daily variation margin on futures contracts		61
Total assets		148,251

Liabilities

Payables:

Investments purchased (regular settlement)	\$	6,529
Investments purchased (delayed settlement)		31,522
Fund shares redeemed		82
Accrued fees to affiliates		35
Other accrued expenses		35
Unrealized depreciation on forward foreign currency exchange contracts		30
Options written, at market value (premiums received \$325)		47
Total liabilities		38,280

Net Assets	\$	109,971
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Net Assets Consist of:

Undistributed net investment income	\$	388
Accumulated distributions in excess of net realized gain		(1,280)
Unrealized appreciation (depreciation) on:		
Investments		1,150
Futures contracts		(45)
Options written		278
Foreign currency-related transactions		(73)
Shares of beneficial interest		109
Additional paid-in capital		109,444

Net Assets	\$	109,971
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Net Asset Value, offering and redemption price per share:

(\$109,971,214 divided by 10,851,931 shares of \$.01 par value shares of beneficial interest outstanding)	\$	10.13
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See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Statement of Operations

Amounts in thousands

Year Ended December 31, 2001

Investment Income

Interest	\$	5,628
Dividends from Money Market Fund		358
Dividends		<u>35</u>
Total investment income		6,021

Expenses

Management fees	\$	587
Custodian fees		175
Transfer agent fees		8
Professional fees		43
Trustees' fees		17
Amortization of deferred organization expenses		1
Miscellaneous		<u>44</u>
Expenses before reductions		875
Expense reductions		<u>(80)</u>
Expenses, net		<u>795</u>

Net investment income		<u>5,226</u>
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Net Realized and Unrealized Gain (Loss)

Net realized gain (loss) on:

Investments	1,018	
Futures contracts	259	
Options written	(2)	
Foreign currency-related transactions	<u>(63)</u>	1,212

Net change in unrealized appreciation (depreciation) on:

Investments	(187)	
Futures contracts	85	
Options written	272	
Foreign currency-related transactions	<u>304</u>	<u>474</u>

Net realized and unrealized gain (loss)		<u>1,686</u>
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Net increase (decrease) in net assets from operations	\$	<u><u>6,912</u></u>
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See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Statement of Changes in Net Assets

Amounts in thousands

Years Ended December 31,

	2001	2000
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 5,226	\$ 5,438
Net realized gain (loss)	1,212	(42)
Net change in unrealized appreciation (depreciation)	474	3,081
Net increase (decrease) in net assets from operations	6,912	8,477
Distributions		
From net investment income	(5,842)	(4,637)
From net realized gain	(680)	—
Net decrease in net assets from distributions	(6,522)	(4,637)
Share Transactions		
Net increase (decrease) in net assets from share transactions	21,067	1,054
Total net increase (decrease) in net assets	21,457	4,894
Net Assets		
Beginning of period	88,514	83,620
End of period (including undistributed net investment income of \$388 and \$805, respectively)	\$ 109,971	\$ 88,514

See accompanying notes which are an integral part of the financial statements.

Core Bond Fund

Financial Highlights

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements.

	Years Ended December 31,				
	2001	2000	1999	1998	1997*
Net Asset Value, Beginning of Period	\$ 10.07	\$ 9.64	\$ 10.68	\$ 10.45	\$ 10.00
Income From Operations					
Net investment income (a) .....	.54	.61	.59	.56	.64
Net realized and unrealized gain (loss) .....	.18	.33	(.65)	.19	.30
Total income from operations .....	.72	.94	(.06)	.75	.94
Distributions					
From net investment income	(.60)	(.51)	(.61)	(.47)	(.49)
From net realized gain	(.06)	—	(.16)	(.05)	—
Tax return of capital	—	—	(.21)	—	—
Total distributions	(.66)	(.51)	(.98)	(.52)	(.49)
Net Asset Value, End of Period	\$ 10.13	\$ 10.07	\$ 9.64	\$ 10.68	\$ 10.45
Total Return (%) (b)	7.41	10.00	(.61)	7.38	9.73
Ratios/Supplemental Data:					
Net Assets, end of period (in thousands)	109,971	88,514	83,620	32,305	8,523
Ratios to average net assets (%) (c):					
Operating expenses, net. ....	.80	.80	.80	.80	.80
Operating expenses, gross. ....	.88	.84	.86	1.28	2.20
Net investment income	5.25	6.20	5.77	5.34	6.38
Portfolio turnover rate (%)	205.62	171.48	139.06	75.95	53.86

* For the period January 2, 1997 (commencement of operations) to December 31, 1997.

(a) For the periods subsequent to December 31, 1997, average month-end shares outstanding were used for this calculation.

(b) Periods less than one year are not annualized.

(c) The ratios for periods less than one year are annualized.

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Real Estate Securities Fund

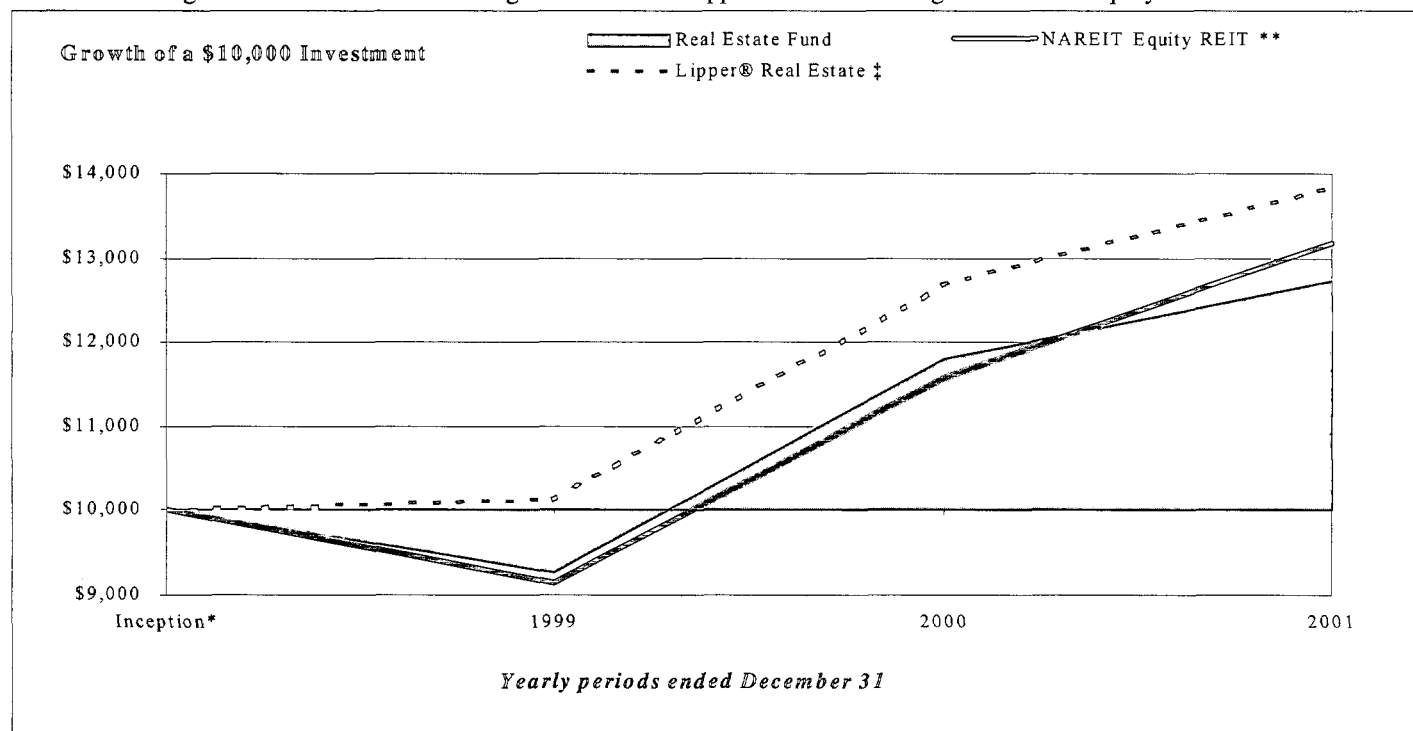
Portfolio Management Discussion

December 31, 2001 (Unaudited)

Objective: To generate a high level of total return through above-average current income, while maintaining the potential for capital appreciation.

Invests in: Primarily the equity securities of US real estate investment trusts and real estate operating companies.

Strategy: The Fund uses a multi-manager strategy intended to achieve higher returns with moderate risk. The Fund employed the investment management services of three managers with distinct approaches to investing in real estate equity securities.



Real Estate Securities Fund

Period Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 10,784	7.84%
Inception*	\$ 12,725	9.39%§

NAREIT Equity REIT Index

Period Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 11,393	13.93%
Inception*	\$ 13,176	10.90%§

Lipper® Real Estate Benchmark

Period Ended 12/31/01	Growth of \$10,000	Total Return
1 Year	\$ 10,904	9.04%
Inception*	\$ 13,836	

Real Estate Securities Fund

Portfolio Management Discussion

December 31, 2001 (Unaudited)

Performance Review

For the year ended December 31, 2001, the Real Estate Securities Fund posted a gain of 7.84% compared to the NAREIT Equity REIT Index, which gained 13.93%. After significantly outperforming its benchmark during 2000, the Fund gave back ground during 2001, largely as a result of its emphasis on financially strong REITs, during a period when investors were chasing lower quality, high dividend yield REITs.

Portfolio Highlights

The year 2001 was the second consecutive strong year for REITs. While investors continued to search for relatively stable, value-oriented securities, real estate securities were among largest beneficiaries. The positive returns earned in the REIT market are even more impressive when contrasted with the 12.2% decline seen in the Russell 1000® Index.

The Fund's trailing performance during the first half of 2001 accounts for the majority of the shortfall during the past 12 months. In the final six months of the year, the Fund posted results very near its benchmark.

During the year, the REIT market was led by those issues offering the highest dividend yields. Lagging issues during 2000 turned into the leaders during 2001, most dramatically during the first and second quarters. These higher yields were required to attract investors to lower quality REITs that were also often not very liquid. The Fund's managers questioned the ability of these REITs to sustain these yields. Each of the Fund's three managers continued to emphasize higher quality REITs, with solid management teams and strong income growth potential. As a result of the markets preference for current income in lieu of longer-term sustainable growth, the Fund's returns trailed over the period.

Although only accounting for a small percentage of the index's total capitalization, Health Care and Self-Storage were the two strongest sectors of the NAREIT index during the year. The Hotels and Leisure sector led on the downside, largely in response to the concerns of a slowdown in travel after September 11.

Of the Fund's three managers, AEW turned in the strongest performance over the year, followed by Security Capital and Cohen & Steers respectively.

Top Ten Equity Holdings

(as a percent of Total Investments)

December 31, 2001

Equity Office Properties Trust	7.73%
Archstone-Smith Trust	5.68
Vornado Realty Trust	5.10
Avalonbay Communities, Inc.	4.92
Boston Properties, Inc.	4.63
Simon Property Group, Inc.	4.16
Arden Realty Group, Inc.	3.51
Apartment Investment & Management Co. Class A	3.44
Liberty Property Trust	2.97
AMB Property Corp.	2.65

Portfolio Characteristics

December 31, 2001

Current P/E Ratio	16.6x
Portfolio Price/Book Ratio	1.59x
Market Capitalization - \$-Weighted Average	3.58 Bil
Number of Holdings	54

Money Managers

AEW Capital Management, LP	Value
Cohen & Steers Capital Management, Inc.	Market-Oriented
Security Capital Global Capital Management Group, Inc.	Growth

* Real Estate Securities Fund assumes initial investment on April 30, 1999. NAREIT Index comparison for the initial investment began May 1, 1999. Lipper index comparison for the initial investment began April 1, 1999.

** NAREIT Equity REIT Index is an index composed of all the data based on the last closing price of the month for all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market value-weighted. The total-return calculation is based upon whether it is 1-month, 3-months or 12-months. Only those REITs listed for the entire period are used in the total return calculation.

‡ Lipper® Real Estate Benchmark is the average total return for the universe of funds within the Real Estate Funds investment objective. The total return for the funds reflects adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

§ Annualized.

Performance is historical and assumes reinvestment of all dividends and capital gains. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than when purchased. Past performance is not indicative of future results.

Real Estate Securities Fund

Statement of Net Assets

December 31, 2001

	Number of Shares	Market Value (000) \$		Number of Shares	Market Value (000) \$
Common Stocks (b) - 92.1%			Outlet Centers - 1.0%		
Apartment - 24.1%			Chelsea Property Group, Inc.	23,700	1,164
Amlti Residential Properties Trust	38,000	958			
Apartment Investment & Management Co.			Regional Malls - 10.6%		
Class A	84,800	3,878	CBL & Associates Properties, Inc.	21,100	665
Archstone-Smith Trust	243,718	6,410	General Growth Properties, Inc.	69,800	2,708
Avalonbay Communities, Inc.	117,200	5,545	Macerich Co. (The)	12,700	338
Camden Property Trust	24,600	903	Rouse Co. (The)	53,600	1,570
Chateau Communities, Inc.	26,400	789	Simon Property Group, Inc.	159,800	4,687
Equity Residential Properties Trust	98,600	2,831	Taubman Centers, Inc.	129,000	1,915
Essex Property Trust, Inc.	45,500	2,248			11,883
Gables Residential Trust	9,800	290			
Post Properties, Inc.	47,050	1,671	Self Storage - 3.4%		
Summit Properties, Inc.	35,600	891	Public Storage, Inc.	84,200	2,812
Sun Communities, Inc.	15,300	569	Shurgard Storage Centers, Inc. Class A	30,700	983
		<u>26,983</u>			<u>3,795</u>
Health Care - 1.7%			Shopping Center - 10.7%		
Health Care Property Investors, Inc.	27,100	981	Capital Automotive	3,800	76
Nationwide Health Properties, Inc.	51,800	968	Developers Diversified Realty Corp.	34,300	655
		<u>1,949</u>	Federal Realty Investment Trust	93,800	2,157
Hotels/Leisure - 2.7%			Kimco Realty Corp.	25,500	834
FelCor Lodging Trust, Inc.	13,400	224	Pan Pacific Retail Properties, Inc.	71,400	2,051
Hospitality Properties Trust	25,100	740	Philips International Realty Corp.	11,600	29
Host Marriott Corp.	40,200	362	Regency Centers Corp.	13,200	366
Starwood Hotels & Resorts			Vornado Realty Trust	138,300	5,753
Worldwide, Inc. Class B	56,500	1,687			<u>11,921</u>
		<u>3,013</u>	Total Common Stocks		
Office/Industrial - 37.9%			(cost \$92,378)		<u>103,184</u>
AMB Property Corp.	114,900	2,987			
Arden Realty Group, Inc.	149,500	3,962			
Boston Properties, Inc.	137,400	5,221			
Brandywine Realty Trust	21,700	457			
Brookfield Properties Corp.	82,100	1,412			
CarrAmerica Realty Corp.	71,100	2,140			
Catellus Development Corp. (a)	1,200	22			
Crescent Real Estate Equities Co.	51,400	931			
Duke-Weeks Realty Corp.	22,400	545			
Equity Office Properties Trust	289,614	8,712			
Kilroy Realty Corp.	58,700	1,542			
Liberty Property Trust	112,100	3,346			
Mack-Cali Realty Corp.	77,700	2,410			
Plum Creek Timber Co., Inc.	23,100	655			
Prentiss Properties Trust	89,600	2,460			
ProLogis Trust	122,000	2,624			
PS Business Parks, Inc.	5,200	164			
Reckson Associates Realty Corp.	73,300	1,712			
SL Green Realty Corp.	38,200	1,174			
		<u>42,476</u>			

Real Estate Securities Fund

Statement of Net Assets, continued

December 31, 2001

	Principal Amount (000) \$	Market Value (000) \$
Short-Term Investments - 8.6%		
Frank Russell Investment Company		
Money Market Fund (c)	9,567	<u>9,567</u>
Total Short-Term Investments (cost \$9,567)		<u>9,567</u>
Total Investments - 100.7% (identified cost \$101,945)		112,751
Other Assets and Liabilities, Net - (0.7%)		<u>(769)</u>
Net Assets - 100.0%		<u><u>111,982</u></u>

- (a) Nonincome-producing security.
- (b) All common stocks held are Real Estate Investment Trusts (REIT)
with the exception of the following:
 - Brookfield Properties Corp.
 - Catellus Development Corp.
 - Starwood Hotels & Resorts Worldwide, Inc.
- (c) At net asset value.

See accompanying notes which are an integral part of the financial statements.

Real Estate Securities Fund

Statement of Assets and Liabilities

Amounts in thousands (except per share amounts)

December 31, 2001

Assets

Investments at market (identified cost \$101,945)	\$	112,751
Receivables:		
Dividends		785
Investments sold		437
Fund shares sold		<u>32</u>
Total assets		114,005

Liabilities

Payables:

Investments purchased	\$	1,788
Fund shares redeemed		116
Accrued fees to affiliates		80
Other accrued expenses		<u>39</u>
Total liabilities		<u>2,023</u>

Net Assets	\$	<u><u>111,982</u></u>
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Net Assets Consist of:

Undistributed net investment income	\$	404
Accumulated distributions in excess of net realized gain		(3,137)
Unrealized appreciation (depreciation) on investments		10,806
Shares of beneficial interest		104
Additional paid-in capital		<u>103,805</u>

Net Assets	\$	<u><u>111,982</u></u>
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Net Asset Value, offering and redemption price per share:

(\$111,982,414 divided by 10,415,268 shares of \$.01 par value shares of beneficial interest outstanding)	\$	<u><u>10.75</u></u>
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See accompanying notes which are an integral part of the financial statements.

Real Estate Securities Fund

Statement of Operations

Amounts in thousands

Year Ended December 31, 2001

Investment Income

Dividends	\$	5,895
Dividends from Money Market Fund		<u>353</u>
Total investment income		6,248

Expenses

Management fees	\$	819
Custodian fees		107
Transfer agent fees		6
Professional fees		39
Trustees' fees		17
Miscellaneous		<u>48</u>
Expenses before reductions		1,036
Expense reductions		<u>(1)</u>
Expenses, net		<u>1,035</u>

Net investment income	<u>5,213</u>
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Net Realized and Unrealized Gain (Loss)

Net realized gain (loss) on investments	402
Net change in unrealized appreciation (depreciation) on investments	<u>1,610</u>
Net realized and unrealized gain (loss)	<u>2,012</u>
Net increase (decrease) in net assets from operations	<u>\$ 7,225</u>

See accompanying notes which are an integral part of the financial statements.

Real Estate Securities Fund

Statement of Changes in Net Assets

Amounts in thousands

Years Ended December 31,

	<u>2001</u>	<u>2000</u>
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 5,213	\$ 3,885
Net realized gain (loss)	402	(987)
Net change in unrealized appreciation (depreciation)	<u>1,610</u>	<u>14,114</u>
Net increase (decrease) in net assets from operations	<u>7,225</u>	<u>17,012</u>
Distributions		
From net investment income	(5,096)	(3,606)
From net realized gain	<u>(1,815)</u>	<u>—</u>
Net decrease in net assets from distributions	<u>(6,911)</u>	<u>(3,606)</u>
Share Transactions		
Net increase (decrease) in net assets from share transactions	<u>22,955</u>	<u>19,989</u>
Total net increase (decrease) in net assets	23,269	33,395
Net Assets		
Beginning of period	<u>88,713</u>	<u>55,318</u>
End of period (including undistributed net investment income of \$404 and \$279, respectively)	<u>\$ 111,982</u>	<u>\$ 88,713</u>

See accompanying notes which are an integral part of the financial statements.

Real Estate Securities Fund

Financial Highlights

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements.

	Years Ended December 31,		
	2001	2000	1999*
Net Asset Value, Beginning of Period	\$ 10.67	\$ 8.81	\$ 10.00
Income From Operations			
Net investment income (a) .....	.57	.54	.35
Net realized and unrealized gain (loss) .....	.24	1.81	(1.08)
Total income from operations .....	.81	2.35	(.73)
Distributions			
From net investment income	(.55)	(.49)	(.34)
From net realized gain	(.18)	—	—
Tax return of capital	—	—	(.12)
Total distributions	(.73)	(.49)	(.46)
Net Asset Value, End of Period	\$ 10.75	\$ 10.67	\$ 8.81
Total Return (%) (b)	7.84	27.24	(7.26)
Ratios/Supplemental Data:			
Net Assets, end of period (in thousands)	111,982	88,713	55,318
Ratios to average net assets (%) (c):			
Operating expenses, net	1.06	1.08	1.15
Net investment income	5.35	5.58	5.84
Portfolio turnover rate (%)	55.13	45.79	23.98

* For the period April 30, 1999 (commencement of operations) to December 31, 1999.

(a) Average month-end shares outstanding were used for this calculation.

(b) Periods less than one year are not annualized.

(c) The ratios for periods less than one year are annualized.

Notes to Financial Statements

December 31, 2001

1. Organization

Russell Insurance Funds (the "Investment Company") is a series mutual fund with five investment portfolios, referred to as "Funds." These financial statements report on the Funds, each of which has distinct investment objectives and strategies. These Funds are offered at net asset value to qualified insurance company separate accounts offering variable insurance products. The Investment Company is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. It is organized and operates as a Massachusetts business trust under a master trust agreement dated July 11, 1996. The Investment Company's master trust agreement permits the Board of Trustees to issue an unlimited number of full and fractional shares of beneficial interest at a \$.01 par value.

2. Significant Accounting Policies

The Funds' financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") which require the use of management estimates. The following is a summary of the significant accounting policies consistently followed by the Funds in the preparation of these financial statements.

Security valuation: United States equity and fixed-income securities listed and traded principally on any national securities exchange are valued on the basis of the last sale price or, lacking any sale, at the closing bid price, on the primary exchange on which the security is traded. United States over-the-counter equity and fixed-income securities and options are valued on the basis of the closing bid price. Futures contracts are valued on the basis of the last sale price. Many fixed-income securities do not trade each day and, thus, last sale or bid prices are frequently not available. Fixed income securities, therefore, may be valued using prices provided by a pricing service when such prices are believed to reflect the fair market value of such securities.

International equity and fixed income securities traded on a national securities exchange are valued on the basis of the last sale price. International securities traded over the counter are valued on the basis of the mean of bid prices. In the absence of a last sale or mean bid price, respectively, such securities may be valued on the basis of prices provided by a pricing service if those prices are believed to reflect the fair market value of such securities.

Short-term investments maturing within 60 days of the valuation date are valued at "amortized cost" unless the Board of Trustees determines that amortized cost does not represent fair value.

The Funds may value certain securities for which market quotations are not readily available at "fair value," as determined in good faith pursuant to procedures established by the Board of Trustees.

Investment transactions: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the basis of specific identified cost incurred by each money manager within a particular fund.

Investment income: Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Amortization and accretion: All premiums and discounts, including original issue discounts, for the Funds are amortized/accreted using the interest method for both tax and financial reporting purposes.

Paydown gain/loss: In November 2000, a revised AICPA Audit and Accounting Guide, *Audits of Investment Companies*, was issued, and is effective for fiscal years beginning after December 15, 2000. The revised Guide requires the Core Bond Fund to classify gains and losses realized on prepayments received on mortgage-backed securities as part of interest income. Previously, the gains and losses were classified as realized gain/loss. Adopting this accounting principle did not affect the Fund's net asset value, but changed the classification of certain amounts between interest income and realized and unrealized gain/loss in the Statement of Operations. The impact to the Core Bond Fund due to the adoption of this principle is immaterial.

Federal income taxes: As a Massachusetts business trust, each Fund is a separate corporate taxpayer and determines its net investment income and capital gains (or losses) and the amounts to be distributed to each Fund's shareholders without regard to the income and capital gains (or losses) of the other Funds.

Notes to Financial Statements, continued

December 31, 2001

It is each Fund's intention to qualify as a regulated investment company and distribute all of its taxable income and capital gains. Therefore, no federal income tax provision was required for the Funds. From November 1, 2001 to December 31, 2001, the Aggressive Equity, Non-U.S., and Core Bond Funds incurred net realized capital losses of \$460,679, \$2,217,191, and \$702,788, respectively. As permitted by tax regulations, these Funds have elected to defer these losses and treat them as arising in the year ending December 31, 2002.

At December 31, 2001, the following Funds had net tax basis capital loss carryforwards which may be applied against any net realized taxable gains in each succeeding year or until their respective expiration dates, whichever occurs first. Available capital loss carryforwards and expiration dates are as follows:

	12/31/09	Totals
Multi-Style Equity	\$ 45,898,647	\$ 45,898,647
Aggressive Equity	11,438,703	11,438,703
Non-U.S.	27,331,155	27,331,155

Components of Distributable Earnings:

As of December 31, 2001, the components of distributable earnings on a tax basis were as follows:

	Multi-Style Equity	Aggressive Equity	Non-U.S.	Core Bond	Real Estate Securities
Cost of Investments for Tax Purposes	\$ 269,469,927	\$ 105,108,307	\$ 175,641,624	\$ 141,055,867	\$ 105,918,332
Gross Tax Unrealized Appreciation	17,631,728	11,553,100	5,276,636	1,593,556	7,318,766
Gross Tax Unrealized Depreciation	(34,231,057)	(4,559,060)	(29,377,205)	(829,728)	(486,357)
Net Tax Unrealized Appreciation (Depreciation)	\$ (16,599,329)	\$ 6,994,040	\$ (24,100,569)	\$ 763,828	\$ 6,832,409
Undistributed Ordinary Income	\$ 382,421	\$ —	\$ —	\$ 395,886	\$ 404,196
Undistributed Long-Term Gains (Capital Loss Carryforward)	\$ (45,898,647)	\$ (11,438,703)	\$ (27,331,155)	\$ —	\$ 837,105

Tax Composition of Distributions:

	Multi-Style Equity	Aggressive Equity	Non-U.S.	Core Bond	Real Estate Securities
Ordinary Income	\$ 1,493,960	\$ 14,033	\$ 660,363	\$ 6,325,508	\$ 5,095,585
Long-Term Capital Gains	\$ 4,202,590	\$ —	\$ —	\$ 197,003	\$ 1,815,145
Tax Return of Capital	\$ —	\$ 100,038	\$ 277,571	\$ —	\$ —

Dividends and distributions to shareholders: For all Funds, income dividends and capital gain distributions, if any, are recorded on the ex-dividend date. Dividends are generally declared and paid quarterly, except for the Non-U.S. Fund, which generally declares and pays dividends annually. Capital gain distributions are generally declared and paid annually. An additional distribution may be paid by the funds to avoid imposition of federal income tax on any remaining undistributed capital gains and net investment income.

The timing and characterization of certain income and capital gain distributions are determined in accordance with federal tax regulations which may differ from GAAP. As a result, net investment income and net realized gain (or loss) on investment and foreign currency-related transactions for a reporting period may differ significantly from distributions during such period. The differences between tax regulations and GAAP primarily relate to investments in options, futures, forward contracts, passive foreign investment companies, foreign-denominated investments, mortgage-backed securities, certain securities sold at a loss and by recording gains and losses from securities transactions on the basis of specific identified cost incurred by each money manager for financial reporting purposes and on the basis of specific identified cost incurred by each Fund for tax purposes.

Notes to Financial Statements, continued

December 31, 2001

The following reclassifications have been made to reflect activity for the year ended December 31, 2001:

	Undistributed Net Investment Income	Accumulated Net Realized Gain (Loss)	Additional Paid-in Capital
Multi-Style Equity	\$ 24,537	\$ 2,384	\$ (26,921)
Aggressive Equity	100,038	—	(100,038)
Non-U.S.	302,986	(721,202)	418,216
Core Bond	199,078	(199,078)	—
Real Estate Securities	8,047	(10,764)	2,717

Expenses: The Funds will pay their own expenses other than those expressly assumed by Frank Russell Investment Management Company ("FRIMCo" or "Advisor"). Most expenses can be directly attributed to the individual Funds. Expenses which cannot be directly attributed are allocated among all Funds principally based on their relative net assets.

Deferred organization expenses: Organization costs of the Funds, incurred prior to the adoption of SOP 98-5 at June 30, 1998, have been deferred and are being amortized over 60 months on a straight-line basis.

Foreign currency translations: The books and records of the Funds are maintained in US dollars. Foreign currency amounts and transactions of the Funds are translated into US dollars on the following basis:

- (a) Market value of investment securities, other assets and liabilities at the closing rate of exchange on the valuation date.
- (b) Purchases and sales of investment securities and income at the closing rate of exchange prevailing on the respective dates of such transactions.

Reported net realized gains or losses from foreign currency-related transactions arise from: sales and maturities of short-term securities; sales of foreign currencies; currency gains or losses realized between the trade and settlement dates on securities transactions; the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Non-U.S. Fund's books and the US dollar equivalent of the amounts actually received or paid. Net unrealized gains or losses from foreign currency-related transactions arise from changes in the value of assets and liabilities, other than investments in securities, at period-end, as a result of changes in the exchange rates.

The Non-U.S. Fund does not isolate that portion of the results of operations of the Fund that arises as a result of changes in exchange rates from that portion that arises from changes in market prices of investments during the year. Such fluctuations are included with the net realized and unrealized gain or loss from investments. However, for federal income tax purposes the Non-U.S. Fund does isolate the effects of changes in foreign exchange rates from the fluctuations arising from changes in market prices for realized gain (or loss) on debt obligations.

Derivatives: To the extent permitted by the investment objectives, restrictions and policies set forth in the Funds' Prospectus and Statement of Additional Information, the Funds may participate in various derivative-based transactions. Derivative securities are instruments or agreements whose value is derived from an underlying security or index. They include options, futures, swaps, forwards, structured notes and stripped securities. These instruments offer unique characteristics and risks that assist the Funds in meeting their investment strategies.

The Funds typically use derivatives in three ways: cash equitization, hedging, and return enhancement. Cash equitization is a technique that may be used by certain Funds through the use of options and futures to earn "market-like" returns with their excess and liquidity reserve cash balances. Hedging is used by some Funds to limit or control risks, such as adverse movements in exchange rates and interest rates. Return enhancement can be accomplished through the use of derivatives in a Fund. By purchasing certain instruments, Funds may more effectively achieve the desired portfolio characteristics that assist them in meeting their investment objectives. Depending on how the derivatives are structured and utilized, the risks associated with them may vary widely. These risks are generally categorized as market risk, liquidity risk and counterparty or credit risk.

Notes to Financial Statements, continued

December 31, 2001

Foreign currency exchange contracts: In connection with portfolio purchases and sales of securities denominated in a foreign currency, the Non-U.S. Fund may enter into foreign currency exchange spot contracts and forward foreign currency exchange contracts ("contracts"). Contracts are recorded at market value. Certain risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and are generally limited to the amount of unrealized gain on the contracts, if any, that is recognized in the Statement of Assets and Liabilities. Realized gains or losses arising from such transactions are included in net realized gain (or loss) from foreign currency-related transactions. Open contracts at December 31, 2001 are presented on the Statement of Net Assets for the Non-U.S. Fund.

Forward commitments: The Funds may contract to purchase securities for a fixed price at a future date beyond customary settlement time (not to exceed 120 days)(i.e., a "forward commitment," "delayed settlement" or "when issued" transaction, e.g., to be announced ("TBA")) consistent with a Fund's ability to manage its investment portfolio and meet redemption requests. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. The Funds may dispose of a forward commitment transaction prior to settlement if it is appropriate to do so and realize short-term gains (or losses) upon such sale. When effecting such transactions, cash or liquid high-grade debt obligations of the Fund in a dollar amount sufficient to make payment for the portfolio securities to be purchased will be segregated on the Fund's records at the trade date and maintained until the transaction is settled. A forward commitment transaction involves a risk of loss if the value of the security to be purchased declines prior to the settlement date or the other party to the transaction fails to complete the transaction.

Options: The Funds may purchase and sell (write) call and put options on securities and securities indices, provided such options are traded on a national securities exchange or in an over-the-counter market. These Funds may also purchase and sell call and put options on foreign currencies. The domestic equity Funds may utilize options to equitize liquidity reserve balances.

When a Fund writes a covered call or a put option, an amount equal to the premium received by the Fund is included in the Fund's Statement of Assets and Liabilities as an asset and as an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. The Fund receives a premium on the sale of a call option but gives up the opportunity to profit from any increase in stock value above the exercise price of the option, and when the Fund writes a put option it is exposed to a decline in the price of the underlying security. If an option which the Fund has written either expires on its stipulated expiration date or the Fund enters into a closing purchase transaction, the Fund realizes a gain (or loss, if the cost of a closing purchase transaction exceeds the premium received when the option was sold) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a call option which the Fund has written is exercised, the Fund realizes a capital gain or loss from the sale of the underlying security, and the proceeds from such sale are increased by the premium originally received. When a put option which a Fund has written is exercised, the amount of the premium originally received will reduce the cost of the security which a Fund purchases upon exercise of the option. Realized gains (losses) on purchased options are included in net realized gain (loss) from investments.

The Funds' use of written options involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. The face or contract amounts of these instruments reflect the extent of the Funds' exposure to off balance sheet risk. The risks may be caused by an imperfect correlation between movements in the price of the instrument and the price of the underlying securities and interest rates.

Futures Contracts: The domestic and international equity Funds utilize futures to equitize liquidity reserve balances. The face or contract amounts of these instruments reflect the extent of the Funds' exposure to off balance sheet risk. The primary risks associated with the use of futures contracts are an imperfect correlation between the change in market value of the securities held by the Fund and the prices of futures contracts, and the possibility of an illiquid market. Changes in the initial settlement values of futures contracts are accounted for as unrealized appreciation (depreciation) until the contracts are terminated, at which time realized gains and losses are recognized.

Investment in international markets: Investing in international markets may involve special risks and considerations not typically associated with investing in the United States markets. These risks include revaluation of currencies, high rates of inflation, repatriation, restrictions on income and capital, and future adverse political and economic developments. Moreover, securities issued in these markets may be less liquid, subject to government ownership controls, delayed settlements, and their prices more volatile than those of comparable securities in the United States.

Notes to Financial Statements, continued

December 31, 2001

3. Investment Transactions

Securities: During year ended December 31, 2001, purchases and sales of investment securities (excluding US Government and Agency obligations, short-term investments, options, futures and repurchase agreements) were as follows:

	Purchases	Sales
Multi-Style Equity	\$ 326,042,515	\$ 302,701,421
Aggressive Equity	181,535,288	176,928,579
Non-U.S.	127,059,707	119,619,913
Core Bond	132,099,334	125,461,458
Real Estate Securities	72,113,255	49,509,074

Purchases and sales of US Government and Agency obligations (excluding short-term investments, options, futures and repurchase agreements) were as follows:

	Purchases	Sales
Core Bond	\$ 364,281,976	\$ 365,325,230

Written Options Contracts: Fund transactions in written options for the year ended December 31, 2001 were as follows:

	Written Options	
	Notional Value (000)	Premiums Received
Core Bond		
Outstanding December 31, 2000	\$ 2,109	\$ 15,519
Opened	14,093	410,659
Closed	(11,589)	(78,890)
Expired	(3,389)	(21,735)
Outstanding December 31, 2001	\$ 1,224	\$ 325,553

Securities Lending: The Investment Company has a securities lending program whereby each Fund can loan securities with a value up to 33 1/3% of its total assets to certain brokers. The Fund receives cash (US currency), US Government or US Government agency obligations as collateral against the loaned securities. To the extent that a loan is collateralized by cash, such collateral shall be invested by the securities lending agent in money market mutual funds and such other short-term investments, provided the investments meet certain quality and diversification requirements. The collateral received is recorded on the Fund's statement of assets and liabilities along with the related obligation to return the collateral.

Income generated from the investment of cash collateral, less negotiated rebate fees paid to participating brokers and transaction costs, is divided between the Fund and the securities lending agent and is recorded as income for the Fund. All collateral received will be in an amount at least equal to 102% (for loans of US securities) or 105% (for Non-US securities) of the market value of the loaned securities at the inception of each loan. Should the borrower of the securities fail financially, there is a risk of delay in recovery of the securities or loss of rights in the collateral. Consequently, loans are made only to borrowers which are deemed to be of good financial standing. As of December 31, 2001, the value outstanding securities on loan and the value of collateral amounted to as follows:

	Value of Securities on Loan	Value of Collateral
Multi-Style Equity	\$ 266,794	\$ 278,279
Aggressive Equity	882,121	905,981

As of December 31, 2001, 100% of collateral received for the securities on loan is cash. The collateral is invested in the Deutsche Bank IDA Fund.

Russell Insurance Funds

Notes to Financial Statements, continued

December 31, 2001

4. Related Parties

Manager: FRIMCo advises and administers all of the Funds which comprise the Investment Company. FRIMCo is a wholly-owned subsidiary of Frank Russell Company, a wholly-owned subsidiary of The Northwestern Mutual Life Insurance Company. Frank Russell Company researches and recommends to FRIMCo, and to the Investment Company, one or more investment management organizations to manage the portfolio of each Fund.

The Funds are permitted to invest their cash reserves (i.e., monies awaiting investment in portfolio securities suitable for the Funds' objectives) in the Frank Russell Investment Company Money Market Fund. As of December 31, 2001, \$64,488,000 of the Money Market Fund's net assets represents investments by the Funds.

For the year ended December 31, 2001, the management fee paid to FRIMCo, for the Funds listed below, in accordance with the Investment Company's Management Agreement with that firm, amounted to \$5,810,266 before waivers and/or reimbursements. Such fee is payable monthly and is equal to the annual rate, by Fund, shown in the following table, of the average daily net assets of the applicable Fund.

	<u>Annual Rate</u>		<u>Annual Rate</u>
Multi-Style Equity	0.78%	Core Bond	0.60%
Aggressive Equity	0.95	Real Estate Securities	0.85
Non-U.S.	0.95		

FRIMCo calculates its management fee based on average daily net assets for each Fund, less any management fee incurred on the Fund's assets invested in the Frank Russell Investment Company Money Market Fund thereby eliminating any duplication of fees.

FRIMCo has contractually agreed to waive a portion of its management fee for each Fund, up to the full amount of its fee, to the extent the Fund's operating expenses exceed specified limits imposed by FRIMCo on an annual basis. Additionally, FRIMCo has contractually agreed to reimburse each Fund for all remaining expenses, after fee waivers, that still exceed their respective expense caps. There were no reimbursements for the year ended December 31, 2001.

The expense caps and waivers as of December 31, 2001 were as follows:

	<u>Expense Cap</u>	<u>Advisory Fees Waived</u>
Multi-Style Equity	0.92%	\$ 168,652
Aggressive Equity	1.25	132,329
Non-U.S.	1.30	214,024
Core Bond	0.80	73,695
Real Estate Securities	1.08	—

Analytic services: Fees for analytic services provided to the Funds are paid or accrued to Russell/Mellon Analytical Services, an affiliate of the Investment Company. Russell/Mellon Analytical Services provides its TruVP System to the Funds, pursuant to a written Service Agreement. The TruVP System provides analytics used by the investment department. Total fees for the Funds reported herein for the year ended December 31, 2001 were \$78,205.

Russell Insurance Funds

Notes to Financial Statements, continued

December 31, 2001

Custodian: The Funds have entered into arrangements with their Custodian whereby custody credits realized as a result of uninvested cash balances were used to reduce a portion of the Funds' expenses. For the year ended December 31, 2001 the Funds' custodian fees were reduced by the following amounts under these arrangements:

Multi-Style Equity	\$	1,642
Aggressive Equity		1,988
Non-U.S.		1,673
Core Bond		6,047
Real Estate Securities		1,406

Transfer agent: The Funds have a contract with FRIMCo to provide transfer agent services to the Investment Company. Total fees for the year ended December 31, 2001 were \$38,682.

Distributor: Russell Fund Distributors, Inc. (the "Distributor"), a wholly-owned subsidiary of FRIMCo, is the principal Distributor for Investment Company shares. The Distributor receives no compensation from the Investment Company for its services.

Brokerage commissions: The Funds may effect portfolio transactions through Frank Russell Securities, Inc., an affiliate of the Advisor, when a money manager determines that the Fund will receive competitive execution, price and commissions. Amounts paid to Frank Russell Securities, Inc. for the year ended December 31, 2001 for the Multi-Style Equity Fund were \$35,349, for the Aggressive Equity Fund were \$10,784, for the Non-U.S. Fund were \$14,339, and for the Real Estate Securities Fund were \$6,165.

Additionally, the Funds paid brokerage commissions to non-affiliated brokers who provided brokerage and research services to the Advisor.

Board of Trustees: The Investment Company pays each of its Trustees not affiliated with FRIMCo a retainer of \$12,000 per year plus out-of-pocket expenses. Total Trustee expenses for the year ended December 31, 2001 were \$84,943, and were allocated to each Fund, where appropriate, on a prorata basis.

Beneficial Interest: As of December 31, 2001, FRIMCo and the Funds had four client relationships, the largest being Northwestern Mutual Life Insurance Company, that represented more than 10% of the total outstanding shares of the respective Funds.

	Client Relationship Percentages			
Multi-Style Equity	29.5%	24.1%	21.0%	13.6%
Aggressive Equity	30.7	26.1	21.7	—
Non-U.S.	33.2	26.3	21.1	12.2
Core Bond	38.0	31.9	17.3	—
Real Estate Securities	39.7	36.0	14.1	—

Russell Insurance Funds

Notes to Financial Statements, continued

December 31, 2001

5. Fund Share Transactions

Share transactions for the year ended December 31, 2001 and December 31, 2000, were as follows:

	Shares		Dollars (000)	
	2001	2000	2001	2000
Multi-Style Equity				
Proceeds from shares sold	4,599,577	6,148,486	\$ 56,717	\$ 96,291
Proceeds from reinvestment of distributions	437,867	786,806	5,697	11,796
Payments for shares redeemed	(2,373,084)	(5,366,034)	(29,522)	(85,423)
Total net increase (decrease)	<u>2,664,360</u>	<u>1,569,258</u>	<u>\$ 32,892</u>	<u>\$ 22,664</u>
Aggressive Equity				
Proceeds from shares sold	1,940,748	3,142,540	\$ 21,313	\$ 41,980
Proceeds from reinvestment of distributions	10,601	1,051,419	114	12,305
Payments for shares redeemed	(1,276,500)	(2,522,914)	(13,891)	(33,686)
Total net increase (decrease)	<u>674,849</u>	<u>1,671,045</u>	<u>\$ 7,536</u>	<u>\$ 20,599</u>
Non-U.S.				
Proceeds from shares sold	5,742,086	6,078,954	\$ 54,173	\$ 78,287
Proceeds from reinvestment of distributions	109,957	1,334,717	938	15,763
Payments for shares redeemed	(4,618,879)	(4,546,285)	(43,984)	(58,047)
Total net increase (decrease)	<u>1,233,164</u>	<u>2,867,386</u>	<u>\$ 11,127</u>	<u>\$ 36,003</u>
Core Bond				
Proceeds from shares sold	3,251,892	3,162,969	\$ 33,231	\$ 30,840
Proceeds from reinvestment of distributions	645,318	473,577	6,523	4,637
Payments for shares redeemed	(1,831,680)	(3,526,395)	(18,687)	(34,423)
Total net increase (decrease)	<u>2,065,530</u>	<u>110,151</u>	<u>\$ 21,067</u>	<u>\$ 1,054</u>
Real Estate Securities				
Proceeds from shares sold	3,555,196	2,562,021	\$ 37,911	\$ 25,104
Proceeds from reinvestment of distributions	651,129	364,434	6,911	3,606
Payments for shares redeemed	(2,102,841)	(895,294)	(21,867)	(8,721)
Total net increase (decrease)	<u>2,103,484</u>	<u>2,031,161</u>	<u>\$ 22,955</u>	<u>\$ 19,989</u>

Report of Independent Accountants

To the Board of Trustees and Shareholders
of Russell Insurance Funds:

In our opinion, the accompanying statements of assets and liabilities, including the statements of net assets, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of each of the series of Russell Insurance Funds (comprised of Multi-Style Equity, Aggressive Equity, Non-U.S., Core Bond, and Real Estate Securities (the "Funds")) at December 31, 2001, the results of each of their operations, the changes in each of their net assets and the financial highlights for the periods indicated therein, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2001 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

Seattle, Washington
January 25, 2001

A handwritten signature in dark ink, appearing to read "Bruce W. Cooper", followed by a stylized flourish or set of initials.

Russell Insurance Funds

Tax Information

December 31, 2001 (Unaudited)

Pursuant to Section 852 of the Internal Revenue Code, the Funds designate the following amounts as long-term capital gain dividends for their taxable year ended December 31, 2001:

	<u>Total Long-Term Capital Gains</u>
Multi-Style Equity	\$ 4,202,590
Core Bond	197,003
Real Estate Securities	1,815,145

The Non-U.S. Fund paid foreign taxes of \$363,612 and recognized \$2,886,413 of foreign source income during the taxable year ended December 31, 2001. Pursuant to Section 853 of the Internal Revenue Code, the Fund designates \$0.0203 per share of foreign taxes paid and \$0.1614 of gross income earned from foreign sources in the taxable year ended December 31, 2001.

Please consult a tax advisor for questions about federal or state income tax laws.

Russell Insurance Funds

Disclosure of Information about Fund Directors

December 31, 2001 (Unaudited)

The following tables provide information for each officer and trustee of the Russell Fund Complex. The Russell Fund Complex consists of Frank Russell Investment Company ("FRIC"), which has 31 funds, and Russell Insurance Funds ("RIF"), which has 5 funds. Each of the trustees is a trustee of both FRIC and RIF. FRC is Frank Russell Company. The first table provides information for trustees who are interested persons. The second table provides information for the independent trustees. The third table provides information for the officers.

Name, Age, Address	Position(s) Held With Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years	No. of Portfolios in Russell Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
INTERESTED TRUSTEES					
*George F. Russell, Jr., Born July 3, 1932 909 A Street Tacoma, Washington 98402-1616	Trustee Emeritus and Chairman Emeritus since 1999.	Appointed until successor is duly elected and qualified.	<ul style="list-style-type: none"> Currently, Chairman of the Board, FRC Currently, Chairman Emeritus, FRIC and RIF From 1984 to December 1998, Chairman of the Board of FRIC and RIF. 	36	None
*Lynn L. Anderson, Born April 22, 1939 909 A Street Tacoma, Washington 98402-1616	Trustee since 1987. President and CEO sine 1987; Chairman of the Board since 1999	<p>Appointed until successor is duly elected and qualified.</p> <p>Until successor is chosen and qualified by Trustees.</p>	<ul style="list-style-type: none"> Vice Chairman, FRC; Chairman of the Board, President and CEO, FRIC and RIF; Chief Executive Officer and Chairman of the Board, Russell Fund Distributors, Inc. and FRIMCo; Trustee, President and Chairman of the Board, The SSgA Funds (investment company); Chairman of the Board, Frank Russell Trust Company; 	36	<ul style="list-style-type: none"> Trustee, The SSgA Funds (investment company);
*Michael J.A. Phillips Born January 20, 1948 909 A Street Tacoma, Washington 98402-1616	Trustee since January 2, 2002	Appointed until successor is duly elected and qualified.	<ul style="list-style-type: none"> President and Chief Executive Officer, FRC 	36	None

* Each of Messrs. Russell, Anderson and Phillips is also an officer of an affiliate of FRIC and RIF and is therefore an interested trustee.

Russell Insurance Funds

Disclosure of Information about Fund Directors

December 31, 2001 (Unaudited)

Name, Age, Address	Position(s) Held With Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years	No. of Portfolios in Russell Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
<u>INDEPENDENT TRUSTEES</u>					
Paul E. Anderson, Born October 15, 1931 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified.	<ul style="list-style-type: none"> 1996 to present, President, Anderson Management Group LLC (architectural design and manufacturing). 	36	None
Paul Anton, Ph.D., Born December 1, 1919 909 A Street Tacoma, Washington 98402-1616	Trustee since 1985	Appointed until successor Is duly elected and qualified.	<ul style="list-style-type: none"> Retired since 1997 Until 1997, President, Paul Anton and Associates (Marketing Consultant on emerging international markets for small corporations). 	36	None
William E. Baxter, Born June 8, 1925 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor Is duly elected and qualified.	<ul style="list-style-type: none"> Retired since 1986. 	36	None
Kristianne Blake Born January 22, 1954 909 A Street Tacoma, Washington 98402-1616	Trustee since 2000	Appointed until successor Is duly elected and qualified.	<ul style="list-style-type: none"> President, Kristianne Gates Blake, P.S. (accounting services). 	36	Trustee, WM Group of Funds; Director, Avista Corp.
Lee C. Gingrich, Born October 6, 1930 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor Is duly elected and qualified.	<ul style="list-style-type: none"> Retired since 1995. 	36	None

Russell Insurance Funds

Disclosure of Information about Fund Directors

December 31, 2001 (Unaudited)

<u>INDEPENDENT TRUSTEES (continued)</u>					
Eleanor W. Palmer, Born May 5, 1926 909 A Street Tacoma, Washington 98402-1616	Trustee since 1984	Appointed until successor is duly elected and qualified.	◦ Retired since 1981.	36	None
Raymond P. Tonnison, Jr. Born December 21, 1955 909 A Street Tacoma, Washington 98402-1616	Trustee since 2000	Appointed until successor is duly elected and qualified.	◦ Currently, President, Simpson Investment Company and several additional subsidiary companies, including Simpson Timber Company, Simpson Paper Company and Simpson Tacoma Kraft Company; ◦ Prior to July 1997, President, Simpson Paper Company.	36	None

Russell Insurance Funds

Disclosure of Information about Fund Directors

December 31, 2001 (Unaudited)

Name, Age, Address	Position(s) Held With Fund and Length of Time Served	Term of Office	Principal Occupation(s) During the Past 5 Years
OFFICERS			
Mark E. Swanson, Born November 26, 1963 909 A Street Tacoma, Washington 98402-1616	Treasurer and Chief Accounting Officer since 1998	Until successor is chosen and qualified by Trustees	<ul style="list-style-type: none"> ◦ Treasurer and Chief Accounting Officer, FRIC and RIF; ◦ Director, Funds Administration, FRIMCo and Frank Russell Trust Company; ◦ Treasurer, SSgA Funds (investment company); ◦ Manager, Funds Accounting and Taxes, Russell Fund Distributors, Inc.; ◦ April 1996 to August 1998, Assistant Treasurer, FRIC and RIF; November 1995 to July 1998, Assistant Secretary, SSgA Funds; February 1997 to July 1998, Manager, Funds Accounting and Taxes, FRIMCo.
Randall P. Lert, Born October 3, 1953 909 A Street Tacoma, Washington 98402-1616	Director of Investments since 1991	Until removed by Trustees.	<ul style="list-style-type: none"> ◦ Director of Investments, FRIC and RIF ◦ Chief Investment Officer, Frank Russell Trust Company ◦ Director, FRIMCo and Russell Fund Distributors, Inc.;
Mark D. Amberson Born July 20, 1960 909 A Street Tacoma, Washington 98402-1616	Director of Short- Term Investment Funds since 2001	Until removed by Trustees.	<ul style="list-style-type: none"> ◦ Director of Short-Term Investment Funds, FRIC, RIF, FRIMCo and Frank Russell Trust Company. ◦ From 1991 to 2001, Portfolio Manager, FRIC, RIF, FRIMCo and Frank Russell Trust Company.

Russell Insurance Funds

Matter Submitted to a Vote of Shareholders

December 31, 2001 (Unaudited)

There was a Special Meeting in Lieu of Annual Meeting of Shareholders of the Frank Russell Investment Company ("the Investment Company") held at 909 A Street, Tacoma, Washington held on December 13, 2001.

THE FOLLOWING MATTERS WERE VOTED UPON AT THE MEETING

The result of each vote accompany the description of each matter

1.01 Elect Kristianne Blake to the Board of Trustees of Russell Insurance Funds - Director/Trustee

Vote:

	For	Against
Multi-Style Equity Fund	20,194,685.332	347,994.144
Aggressive Equity Fund	9,181,003.370	266,824.301
Non-U.S. Fund	16,894,224.288	442,605.873
Real Estate Securities Fund	9,659,810.062	127,998.975
Core Bond Fund	10,025,275.795	108,298.070

1.02 Elect Raymond P. Tennison, Jr. to the Board of Trustees of Russell Insurance Funds - Director/Trustee

Vote:

	For	Against
Multi-Style Equity Fund	20,229,794.585	312,884.891
Aggressive Equity Fund	9,188,243.256	259,584.415
Non-U.S. Fund	16,870,701.454	466,128.707
Real Estate Securities Fund	9,648,784.192	139,024.845
Core Bond Fund	10,014,959.146	118,614.719

2.a To amend the fundamental investment restriction regarding borrowing.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,335,229.637	499,243.399	708,206.440
Aggressive Equity Fund	8,724,412.080	385,214.622	338,200.969
Non-U.S. Fund	16,441,156.316	699,549.065	196,124.780
Real Estate Securities Fund	9,310,665.549	383,319.170	93,824.318
Core Bond Fund	9,835,758.653	176,904.120	120,911.092

2.b To amend the fundamental investment restriction regarding underwriting.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,384,845.985	435,610.015	722,223.476
Aggressive Equity Fund	8,824,162.455	269,435.269	354,229.947
Non-U.S. Fund	16,141,490.599	1,000,464.662	194,874.900
Real Estate Securities Fund	9,278,556.854	412,373.405	96,878.778
Core Bond Fund	9,832,803.258	210,710.142	90,060.465

Russell Insurance Funds

Matter Submitted to a Vote of Shareholders

December 31, 2001 (Unaudited)

2.c To amend the fundamental investment restriction regarding lending.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,289,697.159	502,950.057	750,032.260
Aggressive Equity Fund	8,755,201.731	346,199.220	346,426.720
Non-U.S. Fund	16,184,923.671	943,066.747	208,839.743
Real Estate Securities Fund	9,209,252.696	440,020.820	138,535.521
Core Bond Fund	9,833,398.701	148,527.819	151,647.345

2.d To amend the fundamental investment restriction regarding investing in commodities.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,221,769.128	537,358.609	783,551.739
Aggressive Equity Fund	8,696,594.646	464,550.525	286,682.500
Non-U.S. Fund	15,963,683.539	1,091,779.254	281,367.368
Real Estate Securities Fund	9,258,828.564	400,120.652	128,859.821
Core Bond Fund	9,723,074.255	247,990.724	162,508.886

2.e To amend the fundamental investment restriction regarding industry concentration.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,189,876.975	541,060.732	811,741.769
Aggressive Equity Fund	8,743,780.279	405,905.452	298,141.940
Non-U.S. Fund	15,954,526.948	1,114,285.410	268,017.803
Real Estate Securities Fund	9,234,467.810	370,640.430	182,700.797
Core Bond Fund	9,759,823.656	225,768.618	147,981.591

3.a To eliminate the fundamental investment restriction regarding making investments in companies for the purpose of exercising control or management.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,099,666.369	548,160.129	894,852.978
Aggressive Equity Fund	8,707,180.994	417,979.314	322,667.363
Non-U.S. Fund	16,007,506.436	1,036,993.320	292,330.405
Real Estate Securities Fund	9,239,642.295	401,856.234	146,310.508
Core Bond Fund	9,782,575.058	207,756.897	143,241.910

Matter Submitted to a Vote of Shareholders

December 31, 2001 (Unaudited)

3.b To eliminate the fundamental investment restriction regarding purchasing securities on margin and making short sales.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	18,790,444.802	954,184.328	798,050.346
Aggressive Equity Fund	8,594,078.188	572,226.585	281,522.898
Non-U.S. Fund	15,617,720.330	1,452,971.739	266,138.092
Real Estate Securities Fund	9,162,762.250	512,489.706	112,557.081
Core Bond Fund	9,531,466.112	428,603.872	173,503.881

3.c To eliminate the fundamental investment restriction regarding purchasing securities of other investment companies.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,198,285.445	521,054.893	823,339.138
Aggressive Equity Fund	8,799,264.866	358,220.181	290,342.624
Non-U.S. Fund	16,114,531.222	938,877.065	283,421.874
Real Estate Securities Fund	9,322,831.001	318,500.100	146,477.936
Core Bond Fund	9,807,386.963	142,082.871	184,104.031

3.d To eliminate the fundamental investment restriction regarding investments in options.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	18,820,274.900	893,308.300	829,096.276
Aggressive Equity Fund	8,612,699.270	538,385.943	296,742.458
Non-U.S. Fund	15,718,352.624	1,349,730.720	268,746.817
Real Estate Securities Fund	9,238,368.925	400,433.143	149,006.969
Core Bond Fund	9,595,639.558	354,978.326	182,955.981

3.e To eliminate the fundamental investment restriction regarding participating in joint trading accounts.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,195,138.883	480,142.206	867,398.387
Aggressive Equity Fund	8,786,689.212	350,933.808	310,204.651
Non-U.S. Fund	16,090,987.196	938,532.893	307,310.072
Real Estate Securities Fund	9,333,327.597	303,126.782	151,354.658
Core Bond Fund	9,821,687.619	158,371.242	153,515.004

3.f To eliminate the fundamental investment restriction regarding purchases and sales of portfolio securities involving affiliates.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,131,423.777	598,261.978	812,993.721
Aggressive Equity Fund	8,714,559.559	446,454.921	286,813.191
Non-U.S. Fund	16,102,076.609	952,393.553	282,359.999
Real Estate Securities Fund	9,366,946.816	284,861.040	136,001.181
Core Bond Fund	9,823,619.167	185,782.629	124,172.069

Russell Insurance Funds

Matter Submitted to a Vote of Shareholders

December 31, 2001 (Unaudited)

3.g To eliminate the fundamental investment restriction regarding diversification of investments and regarding acquiring more than certain percentages of the securities of any one issuer.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	19,108,638.117	623,879.019	810,162.340
Aggressive Equity Fund	8,750,802.023	416,017.537	281,008.111
Non-U.S. Fund	15,967,052.203	1,097,516.390	272,261.568
Real Estate Securities Fund	9,271,190.077	326,255.009	190,363.951
Core Bond Fund	9,753,455.336	261,150.566	118,967.963

3.h To eliminate the fundamental investment restriction regarding investments in warrants.

Vote:

	For	Against	Abstain/Broker Non-Vote
Multi-Style Equity Fund	18,909,164.307	815,255.709	818,259.460
Aggressive Equity Fund	8,609,737.101	542,834.957	295,255.613
Non-U.S. Fund	15,681,439.730	1,364,122.704	291,267.726
Real Estate Securities Fund	9,148,800.885	428,062.747	210,945.405
Core Bond Fund	9,578,844.037	386,656.458	168,073.370

Russell Insurance Funds
909 A Street, Tacoma, Washington 98402
(800) 832-6688
In Washington (253) 627-7001

Trustees

Lynn L. Anderson, Chairman
Paul E. Anderson
Paul Anton, PhD
William E. Baxter
Kristianne Blake
Lee C. Gingrich
Eleanor W. Palmer
Raymond P. Tennison, Jr.

Trustees Emeritus

George F. Russell, Jr.

Officers

Lynn L. Anderson, Chairman of the Board and President
Mark Amberson, Manager of Short Term Investment Funds
Mark E. Swanson, Treasurer and Chief Accounting Officer
Randall P. Lert, Director of Investments
Karl Ege, Secretary and General Counsel

Manager, Transfer and Dividend Paying Agent

Frank Russell Investment Management Company
909 A Street
Tacoma, WA 98402

Consultant

Frank Russell Company
909 A Street
Tacoma, WA 98402

Custodian

State Street Bank and Trust Company
Allan Forbes Building
150 Newport Avenue AFB35
North Quincy, MA 02171

Office of Shareholder Inquiries

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Legal Counsel

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2600 One Commerce Square
Philadelphia, PA 19103-7098

Distributor

Russell Fund Distributors, Inc.
909 A Street
Tacoma, WA 98402

Independent Accountants

PricewaterhouseCoopers LLP
999 Third Avenue
Suite 1800
Seattle, WA 98104

Money Managers

Multi-Style Equity Fund

Alliance Capital Management L.P., Minneapolis, MN
Alliance Capital Management L.P. through it's Bernstein
Investment Research and Management Unit, New York, NY
Barclays Global Investors, San Francisco, CA
Peachtree Asset Management, Atlanta, GA
Strong Capital Management, Inc., Menomonee Falls, WI
Turner Investment Partners, Inc., Berwyn, PA
Westpeak Investment Advisors, L.P., Boulder, CO

Aggressive Equity Fund

CapitalWorks Investment Partners, LLC, San Diego, CA
David J. Greene and Company, LLC, New York, NY
Geewax Terker & Company, Phoenixville, PA
Jacobs Levy Equity Management, Inc., Florham Park, NJ
Suffolk Capital Management, Inc. New York, NY
Systematic Financial Management, L.P., Teaneck, NJ
TimesSquare Capital Management, Inc., New York, NY
Westpeak Investment Advisors, L.P., Boulder, CO

Non-U.S. Fund

Fidelity Management & Research Company, Boston, MA
J.P. Morgan Investment Management, Inc., New York, NY
Oechsle International Advisors, LLC, Boston, MA
The Boston Company Asset Management, LLC, Boston, MA

Core Bond Fund

Pacific Investment Management Company, LLC,
Newport Beach, CA
TimesSquare Capital Management, Inc., New York, NY

Real Estate Securities Fund

AEW Management and Advisors, L.P., Boston, MA
Cohen & Steers Capital Management, Inc., New York, NY
Security Capital Global Capital Management Group, Inc.,
Chicago, IL

This report is prepared from the books and records of the Funds and is submitted for the general information of shareholders and is not authorized for distribution to prospective investors unless accompanied or preceded by an effective Prospectus. Nothing herein contained is to be considered an offer of sale or a solicitation of an offer to buy shares of Frank Russell Investment Company. Such offering is made only by Prospectus, which includes details as to offering price and other material information.

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Russell Insurance Funds

909 A Street
Tacoma, Washington 98402

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800-787-7354
Fax: 253-591-3495

www.russell.com

36-08-023 (1201)

This report is submitted for the general information of owners of NML Variable Annuity Account A contracts. This report is not authorized for distribution to prospective purchasers of variable annuity contracts unless it is accompanied by an effective prospectus. Northwestern Mutual variable annuity contracts are sold through individuals who, in addition to being licensed life insurance agents of Northwestern Mutual, are Registered Representatives of Northwestern Mutual Investment Services, LLC, a wholly-owned subsidiary of Northwestern Mutual and a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc.

90-1777 (0102)

Northwestern Mutual SelectSM Variable Annuity Fund Options

It's nice to have options, and with Northwestern Mutual's SelectSM Variable Annuity you have a variety of funds to choose from, including equity, specialty funds and fixed income. Contact your Northwestern Mutual Investment Services, LLC Registered Representative for support in building a diversified portfolio to help you reach your goals.

Equity Style Box	Value	Blend/Market-Oriented	Growth
Large-Cap Generally larger than \$10 billion	Capital Guardian Domestic Equity	Index 500 JP Morgan Select Growth and Income Stock L Russell Multi-Style Equity J	Growth
Mid-Cap Generally between \$3 and \$10 billion		Index 400 L Russell Aggressive Equity J	Aggressive Growth
Small-Cap Generally smaller than \$3 billion	T. Rowe Price Small-Cap Value		Small-Cap Growth
Hybrid		Asset Allocation Balanced	
International	Franklin Templeton International Equity	Russell Non-U.S.	International Growth

Value: Value managers are more interested in getting a company's stock for a good price; they purchase stocks of companies that are currently out of favor with the market, believing that the stock is a good value for the price.

Blend: Market-oriented managers select stocks representative of the broad equity market; these managers may take meaningful positions in growth or value stocks, but usually exhibit no strong bias toward either style.

Growth: Growth managers concentrate on companies with outstanding prospects for future growth; they seek companies with a record of consistent, above-average profitability, or those expected to generate above-average earnings growth.



Specialty Funds

Russell Real Estate Securities

Portfolio Strategy:

Invest in securities of companies that own and/or manage properties known as real estate investment trusts (REITs).

Fixed Income

High Yield Bond

Average Maturity: Bond Quality:

Intermediate
Medium/Low (Speculative grade credit rating of BB+ or lower. Such bonds offer higher yields than investment grade bonds.)

Portfolio Strategy:

Invest in a diversified mix of fixed-income securities rated below investment grade.

Select Bond

Average Maturity: Bond Quality: Portfolio Strategy:

Intermediate
High (Credit rating of BBB or higher.)
Invest in high grade corporate bonds, US government bonds and bonds of government agencies.

Russell Core Bond

Average Maturity: Bond Quality: Portfolio Strategy:

Intermediate
High/Low (May invest up to 25% in low quality bonds.)
Broad Market - Invest in a variety of sectors of the fixed-income market employing multiple money managers, each with complementary expertise in the fixed-income markets.

Money Market

Average Maturity: Bond Quality: Portfolio Strategy:

Less than one year
High
Provide stability by investing in high-quality money market instruments and other debt securities.

Guaranteed Interest Fund

Average Maturity: Bond Quality: Portfolio Strategy:

Less than one year
High
High grade corporate bonds with relatively short-term maturities.

Investing in small company stocks involves a greater degree of risk than investing in medium or large company stocks.

Overseas investments can pose more risks than domestic investments. Unit values are subject to fluctuations in foreign stock markets, currency values, interest rates, government regulations and political conditions.

Equity REITS may be affected by changes in the value of the underlying property owned by the trust, while mortgage REITS may be affected by the quality of any credit extended. This fund is subject to some of the risks associated with direct ownership of real estate, including market value declines, risks related to general and local economic conditions and increases in interest rates. This fund, however, does not own real estate directly.

There are greater credit risks inherent in a fund that primarily invests in high yield bonds.

An investment in the Money Market Fund is neither insured nor guaranteed by the U.S. government, and there can be no assurance that the fund will be able to maintain a stable net asset value of \$1.00.

The GIF is not available in all states.

What does your

Picture your life 10, 20, 30 years from now. Whether you see a hazy dream or an image as clear as a snapshot, consider this: The steps you take now will have a profound influence on your ability to afford the life you want in the future. That's because, when it comes to saving for the future, the sooner you begin investing, the longer your money has to work for you — and the easier it may be to reach your financial goals.

HERE'S WHY:

By getting an early start, you benefit from the power of growing money over time, called "compounding." The interest you earn on your principal also earns interest over time, giving your money the potential to grow beyond the simple interest rate with each passing year.

THE ADVANTAGE OF EARLY-BIRD INVESTING

The long-term effect of compounding can make a dramatic difference in the amount of money you may have in the future. Let's say you're 25 years old and invest \$2,000 each year. You would have nearly \$300,000 by the time you turn 65, assuming your investments earn an 8% average annual return and you're in the 27% federal tax bracket.

What if you wait just one year to get started? You'd have \$18,000 less to spend at age 65. And what if you postpone saving 10 years, until you're 35? Your account would be worth nearly half the amount it would be if you started today.

Starting Age	Total Amount Invested	Value at Age 65
25	\$80,000	\$297,350
26	\$78,000	\$279,054
35	\$60,000	\$153,734
45	\$40,000	\$ 72,318
55	\$20,000	\$ 26,164

This chart is for illustrative purposes only and is not intended to project performance for any specific investment. Accumulated values do not reflect investment costs or the impact of income tax. If such factors were included, the accumulated values illustrated would be lower.

TAKE THE EASY ROAD

Whether or not you're as young as the example described here, the principle remains the same: the sooner you start investing, the more money you will probably have for the future — and, as the example below illustrates, the easier it may be to reach your goals. Assuming you want to accumulate \$100,000 by age 65, here's what you would have to invest each month, based on your starting age and the growth of your investments, and assuming a 27% federal tax bracket:

Starting Age	Average Annual Return		
	6%	8%	10%
25	\$ 76.68	\$ 52.43	\$ 35.01
35	\$134.58	\$102.64	\$ 77.24
45	\$261.19	\$220.56	\$185.07
55	\$665.61	\$615.52	\$568.27

This chart is for illustrative purposes only and is not intended to project performance for any specific investment. Accumulated values do not reflect investment costs or the impact of income tax. If such factors were included, the accumulated values illustrated would be lower.

As you can see, time and compounding may help turn a small amount of money into a lot.

GET A JUMP START ON INVESTING

How can you put time and compounding to work for you? One of the surest ways to accumulate the money you need for the future is to establish a consistent, long-term investment plan today — one that allows you to pay yourself first, at a manageable, affordable pace.

The Northwestern Mutual *Select*SM Variable Annuity can help. You can elect to have a fixed amount electronically transferred

future hold?

WHY IT PAYS TO SAVE EARLY



from your bank account, either monthly, quarterly, semi-annually or annually, and deposited into the funds of your choice.

The service is free, automatic and designed to make investing for your financial goals as easy as possible. To learn more, contact your Northwestern Mutual Investment Services, LLC Registered Representative.

A program of regular investment cannot assure a profit nor protect against a loss. Since an automatic investment program involves continuous investment regardless of fluctuating share values, you should consider your ability to continue the program through declining market cycles.

Increased Contributions for IRAs and Qualified Retirement Plans in 2002

Investing in your future is one of the most important financial steps you can take. And beginning in 2002, you may be able to make larger annual contributions to your IRAs and qualified retirement plans.

Contact your Northwestern Mutual Investment Services, LLC Registered Representative to learn more about the expanded limits.

Education IRA

The annual contribution limit has increased to \$2,000, and the phase out range for joint filers has increased to \$190,000 - \$220,000.

Traditional and Roth IRA

The annual contribution limit has increased to \$3,000, and individuals who are at least age 50 may contribute an additional \$500.

SIMPLE IRA

The annual salary deferral limit has increased to the least of 100% of compensation or \$7,000, and individuals who are at least age 50 may defer an additional \$500.

403(b) Tax Deferred Annuity

The annual salary deferral limit is now the least of 100% of compensation or \$11,000, and employees who are at least age 50 may defer an additional \$1,000.

Traditional 401(k) Plan

The annual salary deferral limit is now the least of 100% of compensation or \$11,000, and employees who are at least age 50 may defer an additional \$1,000.

Simplified Employee Pension Plan

The employer contribution limit has changed from the least of 15% of compensation or \$35,000 to the least of 15% of compensation or \$40,000.

Profit Sharing Plan

The employer contribution limit has changed from the least of 15% of compensation or \$35,000 to the least of 25% of compensation or \$40,000.

Several factors can affect the amount you are eligible to contribute to an IRA or a qualified retirement plan. Distributions are subject to ordinary income tax and may be subject to a 10% IRS early withdrawal penalty if taken before age 59½. The compensation cap for 2002 is \$200,000.



Variable Annuity Information at Your Fingertips

There is a wealth of information about variable annuities available at the touch of a button. For the latest information about contract values and performance data, call the toll-free Northwestern Mutual Express Line any time.

Express Line: 1-800-519-4665

Contract owners must provide a contract number plus a Personal Identification Number (PIN) to utilize this service. If you have lost or forgotten your PIN, you can call the Northwestern Mutual Express Line to request a new PIN.

Visit our Web site for information on fund performance and other information about Northwestern Mutual.

www.northwesternmutual.com

As always, your Northwestern Mutual Investment Services, LLC Registered Representative is available to answer any questions you have about your variable annuity or any of our products.

90-1777 (0102)



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CHANGE SERVICE REQUESTED